

Income Management Policy

1.0 Purpose of policy

- 1.1 This policy outlines Karbon Homes' approach to rent collection and dealing with the recovery of rent arrears, including former tenants' rent arrears.
- 1.2 This policy reflects Karbon Homes' aim to maintain and sustain tenancies, using eviction only as a last resort. Karbon Homes will endeavour to make early contact with tenants when arrears occur in order to understand their circumstances, offer appropriate advice and assistance, including support with benefit applications, and prevent arrears increasing to a level where legal action is required.
- 1.3 This policy should be read in conjunction with the Income Management procedures.

2.0 Objectives

2.1 The objectives of this policy are to:

- Keep rent arrears at the lowest possible levels;
- Place an emphasis on effective prevention and early intervention;
- Adopt a firm, fair and proportionate approach to tackling rent arrears, in order to minimise debts and to sustain tenancies;
- Keep tenants informed about benefits and other financial help which may be available to them, and to maximise the take up of benefits;
- Work in partnership with local authority Housing Benefit services and Department for Work & Pensions, ensuring efficient liaison and administration;
- Comply with all statutory and regulatory requirements regarding debt and arrears recovery.

3.0 Policy detail

3.1 Preventative Measures

- 3.1.1 Karbon Homes will provide accessible information about the importance of paying the rent in its online Tenants' Handbook, leaflets and newsletters. Particular efforts will be made to help those with specific needs – for example, those who lack basic skills in literacy or numeracy, or those who do not have English as their first language.
- 3.1.2 Benefit advice and support will be made available to all Karbon Homes' tenants, whether they fall into rent arrears or not.
- 3.1.3 Karbon Homes will carry out comprehensive sign-up procedures for new tenants, which will include:
- Advice on the obligations of the tenant for paying the rent and the consequences of not paying regularly;
 - Completion of a pre-tenancy benefit check so the tenant is aware of their potential benefit entitlement and the rent they will have to pay;
 - Reference to current tenant rent arrears process;
 - Agreement about the dates for rent payment;
 - Advice on methods available for paying the rent including the promotion of payment by Direct Debit;
 - Advice and assistance in applying for Housing Benefit or Universal Credit;
 - Signposting for independent help with claiming welfare benefits or debt counselling as well as making referrals to the support providers;
 - The identification of vulnerable tenants to ensure that any additional support needs are identified and agreed, in order that that rent payment and arrears recovery procedures are appropriately tailored and;
 - Agreement of a home visit appointment within four weeks of sign-up to check that rent payments are being made and any benefit claims have been successfully processed.

3.2 Current Tenant Arrears Recovery

- 3.2.1 Karbon Homes will adopt a firm but fair approach to rent arrears recovery. We will approach this with the aim to collect all amounts due in rent and associated service charges to protect the provision of services to all of our customers.

- 3.2.2 Karbon Homes believes that applying to court or to evict a tenant should be considered as a measure of last resort where all other efforts to recover arrears have failed. Karbon Homes will not take possession action against tenants where a repayment plan is in place and those payments are being made on time and in full as agreed.
- 3.2.3 Any application to court or for eviction will only be considered where a tenant has been recently referred for benefits and money advice. All legal proceedings will be progressed in line with the Pre-Action Protocol for Possession Claims by Social Landlords.
- 3.2.4 If recovery action escalates to a Court hearing, Karbon Homes will encourage tenants to attend Court and will give information on sources of in-house and independent advice and support.
- 3.2.5 Karbon Homes will offer advice and information to tenants on debt repayments, the requirements of court orders, how to apply for variation orders and where to obtain in-house or independent help.
- 3.2.6 Where protocols exist, local authority Housing Options services and their agents will be informed when possession proceedings are commenced against a tenant and where eviction applications are being made.
- 3.2.7 All court or eviction applications must be authorised by a Team Leader or Manager.
- 3.2.8 Where a request to review the decision to serve a Notice Seeking Possession using mandatory grounds or Section 21 Notice is received, it must be heard by a manager of equivalent or greater seniority and not involved in the original decision.
- 3.2.9 Where there is specific evidence Karbon Homes will take court action against tenants where the arrears are lower than the relevant court costs. For example where there has been persistent non-payment of rent or refusal to pay.
- 3.2.10 Karbon Homes will use all available grounds to seek a possession order, including Ground 8 and for assured shorthold tenants Section 21 will be used where it is proportionate to do so.
- 3.2.11 Karbon Homes will seek to recover Court costs relating to all legal proceedings, including those brought on Anti-Social Behaviour and other grounds. These costs may form part of the Court Order for possession and include solicitors' fees, but will be treated as secondary to the recovery of the rent debt.
- 3.2.12 Any rent arrears that are provable in a bankruptcy order or subject to a debt relief order will be "set aside" from the rent account at the date of the order and the balance written off following the receipt of any credit by the Insolvency Service. Possession action will be taken on rent arrears accrued following the date of a bankruptcy or debt relief order.

3.3 Former Tenant Arrears Recovery

- 3.3.1 Every effort will be made by Karbon Homes' staff to make and maintain contact in pursuing former tenants' arrears, initially during notice period. Where efforts to sustain contact fail, the Group may use the services of specialist Debt Collection Agencies to trace and pursue payments from former tenants.
- 3.3.2 The performance of Debt Collection Agencies will be monitored on a regular basis to ensure that they are providing value for money. In all cases the costs of collection have to be weighed against the size of the debt and the likelihood of its recovery.
- 3.3.3 A tenant (current or former) will not be offered a new tenancy with Karbon Homes unless they have complied with the rehousing criteria as laid down by the relevant Allocations Policy or:
- They have cleared all rent arrears and other sundry debts including amounts outstanding for rechargeable repairs, or
 - They have demonstrated exceptional hardship that will be alleviated by moving to alternative accommodation, plus an agreed payment plan in place to reduce their debts and have demonstrated that they are able to adhere to the plan.
- 3.3.4 If a tenant in arrears moves to another Karbon Homes property, all debts owed by the tenant will be transferred to a sub-account at their new address. This debt will be clearly distinguishable from any arrears owed on the new tenancy, with a failure to make agreed payments towards the debt deemed a breach of tenancy.
- 3.3.5 In line with the Karbon Homes' Delegatory Framework, arrears which are unrecoverable and credit balances that cannot be refunded to the customer may be written off by an Assistant Director or the Executive Director of Customer Services, as appropriate. These write-offs should take place at least quarterly.

3.4 Garage Rent Arrears Recovery

- 3.4.1 Customers who fail to pay their garage rent, and who fail to respond to two reminders will be served with a Notice to Quit. If the account is not paid in full prior to the expiry of the Notice to Quit, the locks will be changed, the garage cleared with a week and the costs of both the lock change and clearance will be recharged to the tenant.

3.5 Leaseholder Arrears Recovery

- 3.5.1 Karbon Homes has leasehold properties built for sale, resulting from sales under the Right to Buy or Right to Acquire and Shared Ownership leases where Karbon Homes has sold a percentage of a property to a shared owner.
- 3.5.2 Non-payment of rent, ground rent and/or service charges may be pursued as a breach of covenant (as detailed in the lease) or as a failure to pay rent.

- 3.5.3 Karbon Homes will try to establish contact with a leaseholder who owes rent and/or service charges to explore options for repayment before taking legal action, including a referral for benefits and money advice. Action to forfeit the lease will not be taken if a shared owner or leaseholder is withholding charges while a reasonable challenge or dispute is outstanding.
- 3.5.4 Karbon Homes will not take legal action without giving a clear explanation of the reasons for the action and adequate warning of the proposed action and a suggestion that the leaseholder seek independent legal advice on the consequences of non-payment.
- 3.5.5 Karbon Homes will notify any known mortgagee of intended action to forfeit a lease. In order to avoid forfeiture the mortgagee will be offered the opportunity to make payment of the arrears on behalf of their client.
- 3.5.6 The policy allows for a degree of flexibility in individual cases. Forfeiture of lease will only be considered as a last resort where there is no alternative action for Karbon Homes to take.

4.0 Monitoring and Review

- 4.1 The Executive Director of Customer Services is responsible for delegating the monitoring, review and implementation of this policy.
- 4.2 The key performance measures identified within this policy will be reported to the Performance Committee on a quarterly basis. Operational monitoring of these measures will be undertaken by the Income Management Team.
- 4.3 This policy will be reviewed at least every 3 years, with the next expected review date being June 2020. The review will be brought forward if there are significant changes to good practice, regulatory or legislative requirements.

5.0 Equality and Diversity

- 5.1 This policy is implemented in line with Karbon Homes Equality and Diversity Policy and associated legislation. Consideration will be given to all protected characteristics under the Equality Act 2010 to eliminate discrimination, advance equality of opportunity and foster good relations.
- 5.2 This policy and associated documents are available in different languages and alternative formats where necessary.

6.0 Data Protection and Privacy

- 6.1 We have a clear policy on data protection and sharing data with other partners/outside agencies under the requirements of the Data Protection Act 1998. This is clearly set out in Karbon Homes' Data Management Policy which, along with

the supporting Data Management Guidelines, must be followed throughout the operation of this policy.

7.0 References

7.1 The following pieces of legislation interact with this Policy:

Rent Act 1977	Rent Act 1977 contains the legal powers of landlords to repossess the homes of protected tenants
Protection From Eviction Act 1977	Protection from Eviction Act contains the legal powers of landlords to repossess the homes of other (i.e. non-protected or non-statutory) tenants
Data Protection Act 1984 (as amended by the Data Protection Act 1998)	The DPA 1984 is the main piece of legislation that governs protection of personal data in the UK. The 1998 Act broadens the scope of the 1984 Act, to include manually stored data in addition to data stored electronically.
Housing Act 1985 (as amended by the Housing Act 1996)	The 1985 Act (as amended) defines the grounds under which possession proceedings may be brought against a secure tenant.
Landlord & Tenant Act 1987	Section 48 requires the landlord to serve a notice on the tenant giving an address in England & Wales to which any notices, including notices in proceedings, may be served on the landlord
Housing Act 1988 (as amended by the Housing Act 1996)	The 1988 Act (as amended) defines the grounds under which possession proceedings may be brought against an assured tenant
Local Government and Housing Act 1989	Part IV places a duty on the local authority to keep a Housing Revenue Account (HRA) and a further duty to prevent debit balances on the HRA.
Disability Discrimination Act 1995 (as amended by the DDA 2005)	The DDA introduces a general safeguard when taking legal action against an individual that has a disability
Housing Benefit (Recovery of Overpayments) Regulations 1997 (consolidated in the Housing Benefit Regulations 2006 No 213)	The Income Related Benefits and Job Seekers Allowance (Miscellaneous Amendments) Regulations 1997 SI No. 65 altered the position for landlords other than local authorities and allows overpayment of housing benefit to be recovered as rent arrears
Human Rights Act 1998	Gives legal effect in the UK to the fundamental rights and freedoms contained in the European Convention on Human Rights (ECHR). Note: The implications of the Act on various aspects of housing management are still being tested. It is recommended that housing organisations carry out a human rights audit of their policies/procedures to check for compliance with the ECHR. In particular, prior to proceedings, landlords should consider

Local Government Act 2000	whether the proposed action is reasonable and proportionate Places a wider duty on local authorities in relation to the social, economic and environmental well-being of the people living in the area
The Homelessness Act 2002	Provides that local authorities should do everything in their power to prevent homelessness. Emphasises the importance of money and benefits advice to help tenants sustain their tenancy. Blanket exclusions from the housing register are no longer permitted (e.g. the exclusion of applicants from the register for previous rent arrears)
Housing Act 2004	The Housing Act 2004 gives local authorities the power to extend introductory tenancies for a further six months if they are not satisfied with the tenant's behaviour during the initial 12-month period.