

# Income Management Policy

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Responsible Officer	Executive Director of Customer Services
This policy is applicable to	Karbon Homes including Byker Community Trust and Prince Bishops Homes
Approved by	Karbon Management Team
Date approved	August 2022
Frequency of review	Every 5 years
Date of next review	July 2026
Implementation date	August 2022
Key related documents (policy, procedure, customer literature)	Income Management Procedures Allocation Policy Rechargeable Repairs Procedure Money Advice Procedure
Sources of best practice or guidance used in developing this policy	Housing Quality Network Rent & Income Excellence Network Housemark Knowledge Base

Version control			
Version number	2	Author of Policy	Rob Jeffreys, Head of Income
Equality Impact Analysis	Initial	Equality Analysis Date	January 2022
Privacy Impact Analysis	Initial/Full	Privacy Analysis Date	To follow

Document change history		
Version	Date	Changed sections
1	16/08/2017	New policy for Karbon Homes
2	10/11/2021	KPIs updated New section added 3.2.13 on Universal Credit
2.1	April 2024	New section 'Our Approach to Vulnerability' added

Consultation	
Consultation Group (if applicable)	Date of Consultation (if applicable)
Staff	January 2022
Union(s)	Not applicable
Customers	Not applicable – review of existing policy
Human Resources / Organisation Development	Not applicable
Health and Safety Working Group	Not applicable
Other stakeholder (please state)	Legal advisors (Devonshires) – July 2022

## Policy statement

To ensure that the maximum amount of rent and service charge income is collected from current and former tenants and leaseholders of Karbon Homes, Prince Bishop

Homes and Byker Community Trust tenants. Karbon Homes will ensure that those tenants who fall into rent arrears are dealt with in a consistent, proportionate and fair manner, in line with all legal and regulatory requirements.

## Risk policy is designed to control

Failure to effectively recover Karbon Homes' primary source of income poses a very major risk to the financial viability of the Association

## Key performance measures

- % of rent collected
- Current tenant rent arrears as % of rent debit for UC accounts
- Current tenant rent arrears as % of rent debit for non-UC accounts
- Current and former tenant rent arrears written off as % of rent debit
- Former tenant arrears as % of rent debit
- % of former tenant arrears collected
- % of tenants in receipt of Universal Credit

## Definitions

Housing Benefit – a benefit to help people on a low income with their rent, administered by Local Authorities

Universal Credit – a benefit that has replaced a number of different benefits, administered by the Department for Work and Pensions

Notice Seeking Possession – a formal legal document setting out the reasons (grounds) a landlord will seek to recover their property from a tenant

Pre-Action Protocol – a set of standards landlords must adhere to in advance of applying to court to recover a property from a tenant

Mandatory Grounds – reasons to recover a property for which if proved a Judge has no discretion and must make a possession order for the property

Forfeiture – the possession procedure to recover a leasehold property due to a breach of the lease

## Abbreviations

None.

## **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, when this is due 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;
- 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 rent payment and arrears recovery procedures are appropriately tailored; and
- Agreement of a home visit appointment within four weeks of sign-up to discuss how the tenant is managing their rent, any benefit claims have been successfully processed and if the tenant needs any further assistance in this regard.

## **3.2 Notices**

- 3.2.1 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.
- 3.2.2 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.

## **3.3 Current Tenant Arrears Recovery**

- 3.3.1 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.
- 3.3.2 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.
- 3.3.3 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.

- 3.3.4 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.
- 3.3.5 Karbon Homes will offer advice and information to tenants on debt repayments and where to obtain in-house or independent help.
- 3.3.6 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.
- 3.3.7 All court or eviction applications must be authorised by a Team Leader or Manager.
- 3.3.8 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.
- 3.3.9 Karbon Homes will seek to recover Court costs relating to all legal proceedings. 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.
- 3.3.10 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 may be taken on rent arrears accrued following the date of a bankruptcy or debt relief order.

### **3.4 Rent Arrears and Universal Credit**

- 3.4.1 Karbon Homes understands that customers making a claim for Universal Credit (UC) will not receive their first scheduled payment for at least five weeks from their claim date. In addition many customers will be moving to receiving their income monthly for the first time.
- 3.4.2 Karbon Homes recognises that customers cannot be expected to make a payment when they have not received the income (through the UC housing costs element) with which to do so. Arrears recovery action will not be undertaken whilst customers are awaiting their first UC payment and UC is the household's sole income. Where customers receive income other than UC Karbon Homes will work with customers to agree a payment plan in line with their expected benefit award.
- 3.4.3 Karbon Homes will seek to engage with customers at the outset and throughout their Universal Credit claim, advising the customer of their rent liability, offering support with budgeting and determining the most suitable payment method for the customer.

3.4.4 Where customers fail to engage or do not make agreed payments then arrears recovery activity will continue and legal action may be taken against the customer.

### **3.5 Former Tenant Arrears Recovery**

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.5.4 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.

3.5.5 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.

### **3.6 Garage Rent Arrears Recovery**

3.6.1 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.

### **3.7 Leaseholder Arrears Recovery**

- 3.7.1 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.
- 3.7.2 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.
- 3.7.3 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.
- 3.7.4 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.
- 3.7.5 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.
- 3.7.6 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 senior management on a quarterly basis. Operational monitoring of these measures will be undertaken by the Customer Accounts Team.
- 4.3 This policy will be reviewed at least every 3 years, with the next expected review date being August 2025. The review will be brought forward if there are significant changes to good practice, regulatory or legislative requirements.

## **5.0 Our Approach to Vulnerability**

- 5.1 This policy is applied in line with Our Approach To Vulnerability Policy. Everyone matters. We want people to be treated fairly, have equality of opportunities, freedom, respect, and access to our services. We will offer support, reasonable adjustments, and adaptations to remove barriers. We will discuss with our customers what is reasonable and appropriate. In delivering this service we may need to escalate a particular case – if we do then customer vulnerabilities will be considered as part of the decision-making process.
- 5.2 We will support people with vulnerabilities to deliver this service. We will work alongside external agencies such as social services, the police and fire services and other appropriate agencies to help and support people with vulnerabilities in the delivery of our services but also to ensure we meet our statutory and regulatory requirements as a social landlord.
- 5.3 Details are provided in the appropriate areas in this policy.
- 5.4 All our customer policies are available on the website.

## **6.0 Equality and Diversity**

- 6.1 This policy is applied in line with Karbon's Equality and Diversity Policy and the associated legislation including the Public Sector Equality Duty and Equality Act 2010. At Karbon we aim to eliminate discrimination, promote equality of opportunity, foster good relations and define the nine protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.
- 6.2 However, we like to go even further. Beyond these protected characteristics we also take into consideration additional factors such as socio-economic status and language barriers which may also play a part. Our vision is for everyone to be treated fairly, have equality of opportunities, freedom, respect and access to our services.
- 6.3 To help us achieve this, we will work to improve accessibility for all, offering reasonable adjustments, adaptations and discussing ways that we can work to remove any barriers. A reasonable adjustment involves making a change to the way that we usually do things.
- 6.4 All of our customer policies and key information are made available on the Karbon Homes website. Reasonable adjustments that can help for example to make our information and services more accessible are sign language and language interpreters. We will work to improve accessibility for everybody that we deal with offering reasonable adjustments, adaptations and discussing ways that we can

work to remove barriers that you may experience. A reasonable adjustment involves making a change to the way that we usually do things.

- 6.5 We work together to look at options and agree what adjustments would be reasonable in your individual circumstances. If you would like to find out more please get in touch with the team.

## **7.0 Data Protection and Privacy**

- 7.1 We have a clear policy on data protection and sharing data with other partners/third parties under the requirements of the UK General Data Protection Regulation. This is clearly set out in the Data Protection Policy for the Karbon Homes Group which in association with the Data Protection Procedures must be followed throughout the operation of this policy.