

Housing – Income Collection Framework

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**ROTHERHAM METROPOLITAN BOROUGH COUNCIL**

**Housing – Income Collection Framework**

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**ROTHERHAM METROPOLITAN BOROUGH COUNCIL**

**Housing – Income Collection Framework**

**1.0 Strategic Objectives**

Rotherham Metropolitan Borough Council recognise how important it is to collect rent, service charges, garage rents, former tenant arrears and leaseholder charges, as it is imperative to the housing management function.

It is recognised that there is a direct relationship between effective collection and the ability to deliver a high-quality service to customers.

This framework sets out guidance for an efficient and effective approach to income collection that complies with legislative requirements and wider corporate objectives.

The approach aims to be ‘firm but fair’ with focus on early intervention, minimising bad debt, supporting our customers, taking appropriate legal action where necessary and ensuring there is due diligence on all decisions. Operating in a customer centric service we aim to sustain tenancies and achieve a high collection rate to ensure the HRA business plan can be delivered.

The framework is applicable to all tenancy types the Council manage; secure, introductory, fixed term, non-secure, managed and shared ownership.

The Council are committed to equality and diversity and the prevention of discrimination. The Council will endeavour to promote inclusion and representation and will do all we can to prevent discrimination against individuals and groups as a result of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity. An equality impact assessment has been carried out in order to ensure full compliance.

**2.0 Aims**

The aims of the Housing Income team are centred on the Council’s four main corporate priorities.

* Every child making the best start in life
* Every adult secure, responsible and empowered
* A strong community in a clean and safe environment
* Extending opportunity, prosperity and planning for the future

The team serves a wide ranging purpose that focusses not only on collection of income, but also instilling support for those with vulnerabilities through our financial inclusion team, creating the opportunity of employment through our Employment Solutions team, ensuring customers are placed in affordable properties.

The service provision delivers a joined up approach that looks to communicate effectively and coherently with customers and third parties at all stages in order to ensure we support our customers and provide added value to them.

The Income and Financial inclusion team aim to:

* Deliver an efficient, effective and consistent approach to income management and debt recovery
* Adopt a ‘firm but fair’ approach that reflects a commitment to creating sustainable tenancies which balances prevention, support and recovery
* Ensure customers have access to support in order to maximise their income, receive welfare benefits advice and referrals to other appropriate partners.
* Be respectful, inclusive and clear in our communications with customers
* Provide an accessible and accountable income management service provision
* Ensure a value for money approach is embedded
* Ensure staff are aware of the framework and understand its aims
* Offer a strong tenancy support and financial inclusion service that looks to understand what the barriers are for customers and households to help directly and signpost appropriately for further and specialist support.

**3.0 Context**

The collection of all income due under the Housing Revenue Account function is imperative to enable the delivery of all aspects of housing management and support wider corporate aims and objectives.

All the rent and service charge income collected from all general needs properties is reinvested within the housing management function of the council and covers the costs of the management, planned maintenance and responsive repairs etc. as well as supporting wider corporate aims such as house building programmes.

The introduction of Welfare Reform, particularly Universal Credit, the under-occupation charge (commonly known as the bedroom tax) and the benefit cap has meant collecting income due is becoming increasingly difficult.

This framework aims to provide an overview of the approach to collection and support available for customers experiencing financial difficulty in order to ensure tenancies are sustained.

**4.0 Framework**

**4.1 Approach to income management and support**

The Council aim to increase the ability of customers to successfully manage their income and debt in a sustainable and consistent way. Rent arrears action will be based on staged processes, up to and including repossession (also known as eviction). The staged process can be found in the appendices; alongside the process we also have a minimum of 2 tenancy support referrals prior to possession. The staged process and tenancy support referrals aim to increase collection and keep evictions to an absolute minimum.

The Council will ensure that any customer in arrears is aware of their debt at an early stage and given an opportunity to come to an arrangement to clear the arrears. The consequences of not reaching an agreement and/or not maintaining it will be carefully explained. Alongside this support will be offered to tenants with vulnerabilities so they can maintain a successful tenancy.

*Pre-Tenancy*

Prior to allocation there will be an affordability check, advice on maximising income, becoming financially resilient and careful consideration to any vulnerabilities and additional support needs to ensure the tenancy is sustained.

For all new customers at the point of sign up, we will:

* Collect an advance payment of their rent (1 week as a minimum)
* Reinforce the terms of the tenancy, the importance of regular payments and consequences for non-adherence
* Provide advice, assistance and support in claiming Housing Benefit, Council Tax Support and Universal Credit
* Refer to support agencies as required
* Reiterate the need to engage and inform us of any changes in their circumstances relevant to their tenancy
* Ask that they either set up a Direct Debit or Recurring Card Payment as the default payment methods. Where these options aren’t suitable or available then customers will be given a choice of other methods such as automated payment line, standing order, rent card, kiosk etc.
  + In the event a customer has no banking facility they will be asked if they wish to be supported in setting up either a bank account or Credit Union account which can be done through the tenancy support team.

*Universal Credit*

The introduction of the Welfare Reform Acts, in particular Universal Credit has meant the collection of income has become increasingly difficult and in order to mitigate this the Council will develop and maintain relationships with a range of partners, including the DWP, ensuring due diligence where there is the need to share information or the need to assist a vulnerable customer and in instances where legal action is being considered. The Council regularly hold multi-agency meetings through the UC strategic group in order to ensure we comply and are able to fully support customers on Universal Credit.

Where required, applications for customer’s housing costs to be paid direct to the Council will be made via the relevant channels, in cases of vulnerabilities and where other appropriate criteria are met. In the cases of applications due to rent arrears there will also be consideration made for payment of rent arrears via the ‘Third Party Deductions’ option available. As part of pre-action court protocol (appendix ) there is a requirement that all Landlords are expected to apply for a customers’ Universal Credit’s housing costs to be paid direct prior to entering a case in to court. Where it is possible to receive rent plus an appropriate amount towards the rent arrears then legal action will be avoided

It is recognised that approaches need to be tailored to customer circumstances and where a customer is on Universal Credit they will be supported from the point they make the initial claim to ensure it has been set up correctly and they understand their claimant commitment, allowed sufficient time to resolve any issues that arise, receive further support where they are struggling with an aspect of Universal Credit, and given opportunities to make suitable arrangements for repaying any debt.

*Legal Action*

Prior to taking legal action we will attempt to contact the customer in a number of ways; including letter, telephone (including evenings and weekends), visit, text and email. The Council will ensure all relevant legislation, including the pre-court action protocol, is adhered to and attempt to look for any alternative dispute resolution where appropriate. There will also be a clear and accountable chronology of the work done and the manager responsible for authorising any legal action.

Where an eviction is being considered the Housing Income and Financial Inclusion team will ensure the customer is given every opportunity available and check every avenue to ensure the Council are aware and understand any vulnerabilities and subsequent consequences. Prior to an eviction being considered the Council will not only go through the appropriate legal route and comply with statutory requirements (protocols) but there will be several ‘check and balance’ audits, undertaken by the Income Recovery Co-Ordinator, Specialist Court Co-Ordinator, Income Recovery Team Leader and the Housing Income and Financial Inclusion Manager. This ensures that requirements have been met and consistent decisions are being taken.

*Multi-Agency working*

Decisions are not only consigned to the Housing Income team but feedback and checks are also done with a range of internal and external partners including but not limited to; Mental Health Services, Adult Social Care, Estates Management, Repairs, Leaving Care team and Children Services department. Any feedback or recommendations from the above teams are acted upon, and any subsequent decisions are made with their input. The Housing Income and Financial Inclusion Team regularly conduct multi-agency meetings where there is a vulnerable adult or child in order to ensure every concern is addressed in order to sustain the tenancy. Only as a last resort will an eviction be authorised. Where an eviction has been agreed the Housing Solutions (Homeless) team will be made aware in line with the Homelessness Reduction Act 2017.

The Council understand the severity of taking legal action and the implications to the customer so it is always taken as a last resort. The work of each individual within the income team is regularly audited by their line managers and this is a practice done at all levels.

*Auditing*

The Audit team will ensure the Housing Income team are held accountable for any decisions, practices and performance; a comprehensive auditing report is compiled annually that looks at all aspects of the team and is then rated on a scale with a list of recommendations.

**4.2. Financial Inclusion and Tenancy Support**

Supporting customers is a major part of the Housing Income and Financial Inclusion team’s work. This can be split between financial inclusion and tenancy support; both serve different but very important purposes.

The Tenancy Support Officers within the team receive referrals from every department in respect of customers who are struggling and/or vulnerable with wide ranging issues; it can be support applying for benefits through form filling, helping customers identify priority and non-priority debts, setting up a bank account, budgeting and maximising income, through to identifying wider support needs and facilitating referrals to internal and external partners who can provide intensive and sustained on-going support.

There are two mandatory referral points within the recovery process to ensure any customers potentially facing court action will be supported and have the opportunity to work with our tenancy support team. The referrals can be made via Council staff at any point in the process irrespective of whether there is a debt or not; we want anyone who would benefit from a referral to receive the support that they need.

Tenancy Support Officers are based in Rotherham Jobcentre Monday to Friday during office hours so the Council can assist customers with their Universal Credit claims. The team have forged a close working relationship with the Jobcentre through our DWP Partnership Manager, to ensure customers receive support immediately before going on to Universal Credit. This support will talk them through the claim, the practicalities and assist them in preparing for payment of rent whether it is through our default payment methods or where the need for an ‘Alternative Payment Arrangement’ is identified due to vulnerabilities and/or high rent arrears. The pro-active nature ensures customers stay on track with their accounts, any debt is minimised and customers receive tailored support dependent on their individual circumstances.

The Pre-Tenancy team also provide a very valuable contribution to customers prior to their sign up; conducting affordability assessments, maximising income by offering benefit and budgeting advice, guide customers through the obligations of their tenancy as well as facilitate any additional support needs for the customer right from the start of their tenancy.

Other services offered by the team include:

* Affordable Household contents insurance which ensures low cost access to wider financial services
* Partnership with Age UK to support older customers applying for Attendance Allowance and other benefits
* Advocacy and Appeals to support residents maximise benefits and receive specialist debt advice
* Macmillan Cancer Relief for welfare benefits and debt advice for those affected by Cancer (whether it be direct or indirect)

**4.3 Refunds**

Where a customer has a credit on their account and requests a refund then prior to issuing we will check for any other debts owed to the Council. Where other debts are owed to the Council the credit will be used to pay that debt and any remaining balance will be refunded to the customer.

Refunds will be issued within 14 days of receipt. All refund requests must be submitted via the ‘credit refund’ form (see Appendix). Refunds will be issued by bank transfer, cheque or to the card by which the payment was made.

It should be noted that the customers must have a 1 week credit on their account at all times so the difference between the credit and one weeks’ rent will be issued.

**4.4 Bankruptcy and Debt Relief Orders**

Where we receive official notification that a customer has been declared bankrupt any debt owed will be written off.

Where we receive official notification a customer has entered into a Debt Relief Order (DRO), any arrears owed at the time the DRO is granted will be written off.

**4.5 Rent Setting**

The Council review rents on an annual basis and all changes made are in line with national guidance set by the Government, ‘The Rent Standard’ and/or as agreed by the Council annually.

From April 2020 the Government committed to introducing a five-year rent settlement of Consumer Price Index (CPI) + 1%. The relevant CPI applied for the year beginning 1 April is taken as the rate applicable for the previous September. The regulator publishes the new guideline limit rent each year.

All customers are notified annually of their rent changes and also receive quarterly rent statements if in arrears

**4.6 Monitoring and Review**

This framework will be monitored through Key Performance Indicators which are reported annually.

Where appropriate, key stakeholders, and interested parties have been consulted as part of the framework review.

A comprehensive equality and impact assessment has been carried.

The Business and Commercial Programme manager will be accountable for the framework with the Income Recovery Team Leader responsible for the implementation of the framework.

**5. Performance**

The performance targets are set in accordance with Housemark definitions and agreed by senior management within the income team and the Council’s performance team.

They are set based on previous year’s performance and with due regard for upcoming challenges, in particular welfare reform, and resource capacity.

The performance is reported to senior management within the income team and subject to regular reviews and audits. Quarterly and annual benchmarking of performance is undertaken through Housemark.

The key performance indicators are used as part of a wider performance management framework, which is broken down to different recovery teams within the borough and the income officers within the respective teams.

Evictions are closely monitored and we strive to reduce this year-on-year; they form a key performance indicator for the team and in particular the Financial Inclusion team who focus on preventing this. As tenancy sustainment is a key theme throughout the Council we monitor the reasons for tenancies ending and operate a wider and joined up approach looking at the reasons and taking steps to minimise them going forward. This reporting is then used to identify opportunities to share best practice as well as opportunities to feedback and highlight learning opportunities for individuals and teams.

The following performance information is collected and reported on in relation to income management.

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| Performance Indicator | Indicator Description | Target 2018/19 | Outturn 2018/19 | Target 2019/2020 |
| ACH76 | Rent Collected as a percentage of rent due (excl. arrears brought forward) | 98.25 | 99.67 | 99.67 |
| ACH76b | Rent collected from current and former tenants as a percentage of rent due (including arrears brought forward) | 92.50 | 91.12 | 92.50 |
| ACH77 | Rent arrears as a percentage of rent debit (current) | 6.50 | 4.69 | 6.50 |
| ACH77b | Rent arrears as a percentage of rent debit (former) | 5.12 | 5.12 | 5.12 |
| Evictions | The Council will aim to reduce evictions year-on-year |  |  |  |
| |  |  |  |  | | --- | --- | --- | --- | | **KPI** | **Activity** | **Success Criteria** | **Measure** | | FIS1 | Financial Inclusion Strategy Action Plan | Percentage of actions which are on target, or ahead of target date | Quarterly Monitor  **R (<75%) A (75-90%) G (>90%)** | | FIS2(a)  FIS2(b) | FIS\* staff providing advice and support to tenants with rent arrears and other financial difficulties    \*Financial Inclusion Service | a) Amount of additional welfare benefits sourced and claimed, and  b) Resulting rent arrears reduction when case closed | Monthly trend analysis will highlight direction of traffic for :-  a) Additional welfare benefits claimed  b) Rent arrears change from when case opened to closed | | FIS3 | Interventions with prospective and new tenants ensuring rent payments are initiated from start of tenancy | Percentage of new tenants with clear rent balance after 8 weeks from start of tenancy | Monthly trend analysis  will highlight direction of traffic and gap analysis | | FIS4(a)  FIS4(b) | Interventions with Universal Credit (UC) claimants which result in successful rent payment arrangement | Percentage of UC claimants who have no rent debt, or a reduced rent debt after  a) 3 months and  b) 6 months  of receiving benefit | Monthly Monitor  a) **R (<50%) A (50-60%) G (>60%)**  b) **R (<55%) A (55-70%) G (>70%)** | | FIS5 | Bespoke solutions to prevent possession proceedings being required after referral to FIS staff | Percentage of cases where possession proceedings were not required due to FIS activity | Monthly trend analysis  **R (<50%) A (50-70%) G (>70%)** | | FIS6 | Timely referral to other agencies in order to improve support offer to vulnerable tenants | Successful outcome can be evidenced with reduced debt and / or sustained tenancies | Monthly trend analysis  **R (<50%) A (50-70%) G (>70%)** | | FIS7 | Number of tenants switching energy supplier resulting in reduced outgoings | Tenants are better equipped to manage bills and then prioritise rent payments | Monitoring of monthly trend analysis  will highlight direction of traffic | | FIS8 | Number of tenants referred into training or employment through ‘employability’ interventions | Will contribute to promoting employment and reducing worklessness in the Borough | Monitoring of monthly trend analysis  will highlight direction of traffic or gap analysis | | FIS9 | Number of tenants referred to and taking up the use of Credit Union services | Evidenced reduction in the use of high interest lending providers and use of saving products through Credit Unions | Monitoring of monthly trend analysis  will highlight direction of traffic or gap analysis | | FIS10 | Number of school aged children who attend financial education sessions organised by FIS service | Feedback from schools on the level of awareness and understanding of financial issues following sessions | Quarterly trend analysis will highlight direction of traffic and influence future activity / action planning | | FIS11(a)  FIS11(b)  FIS11(c) | Evaluating tenant satisfaction with FIS provision through a bespoke customer satisfaction survey when FIS case is closed - agree | Increased number of tenants who are:-  a) Confident in making financial decisions due to FIS support  b) Able to use online / digital self-service in the future  c) Satisfied with level of FIS support provided to them | Monitoring of monthly trend analysis  will highlight direction of traffic for both individual and team performance highlighting gap analysis to inform service change | | | | | | |
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**6.0 Definitions / Glossary of terms**

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| **Introductory tenancy** | An introductory tenancy is a trial tenancy that allows the council to decide if you are a good tenant. The trial period lasts for 12 months from the date the tenancy starts. |
| **Secure tenancy** | A secure tenancy is a lifetime tenancy |
| **Fixed term tenancy** | This is a type of secure tenancy that lasts for a specified period |
| **Non secure tenancy** | A non-secure tenancy is a type of tenancy under Part VII of the United Kingdom Housing Act 1996. They are usually granted where a Council has a duty to a homeless person. |
| **Recurring Card payments** | These are automated payments taken from a tenant’s card details for an agreed amount and frequency |
| **Universal Credit** | Universal Credit is the amalgamation of 6 means tested legacy benefits that are paid calendar monthly in arrears directly to the customer; this includes the housing costs (which was previously paid direct to the Council under Housing Benefit regulations). |
| **Housing Revenue Account (HRA)** | The HRA is the account in which a council's housing. revenue (e.g. tenants' rent) and housing costs (e.g. property management and maintenance) are kept. By law this account is separate from the 'General Fund' that councils use for other. |
| **Pre-action court protocol** | Pre-action protocols explain the conduct and set out the steps the court would normally expect parties to take before commencing proceedings. |

**7.0 Related documents**

This framework has been drawn up with reference to relevant legislation, including but not limited to:

* Equality Act 2010
* Human Rights Act 1998
* Housing Act 1985
* Housing Act 1996
* Welfare Reform Act 2012
* Homelessness Reduction Act 2017
* Protection from Eviction Act 1997
* Tribunals, Court and Enforcement Act 2007 and relevant civil procedure rules

**8.0 Policy Control Statement**

The Head of Service for Business and Commercial Services is responsible for ensuring adoption of, and adherence to this framework and its associated procedures.

The Income Recovery and Financial Inclusion team leader is responsible for day to day operational management of the team. The Income Recovery Team Leader is required to develop, implement and maintain relevant guidance and procedures for employees and managers.

All income recovery staff responsible for the operational aspect of the income collection service will ensure there is compliance with relevant legislation and due regard for best practice.

All staff will be provided with the right skills, capacity and resource to deal with debt recovery and sufficient time will be committed to ensure the income is collected consistently and effectively.

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| Approval meeting: |  |
| Approval date: |  |
| Date of next review: |  |
| Equality impact assessment: |  |
| Key legislation or notable policy: |  |
|  |  |
| Amendment |  |
| Officer / Date: | Comments: |