



**Oadby & Wigston**  
BOROUGH COUNCIL

# **Income Management Policy**

**2022**

<b>Date approved by Housing Service Manager</b>	
<b>Committee</b>	
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## **1. Introduction**

- 1.1 This policy applies to all tenants who have a Secure Tenancy or Non Secure Tenancy with Oadby & Wigston Borough Council (“the Council”).
- 1.2 This policy applies to both current tenants arrears and former tenant arrears.
- 1.3 This policy does not apply to leaseholders (including equity share properties).

## **2. Policy Statement**

- 2.1 The aim of this policy is to set out the council’s approach to recovering tenant arrears in order to be as effective as we can be in minimising tenant debt. This policy will be applied in a firm but fair way, underpinned with early contact and support in order to prevent arrears from accruing and to ensure that a tenant can receive the right advice at the earliest opportunity.
- 2.2 Rent payments are due in advance in accordance with the council tenancy agreement. We aim to ensure value for money by adopting a robust procedure to maximise our income to enable the council to meet its financial obligations.
- 2.3 The specific objectives of the Income Management Policy are to:
  - Effectively collect rent due and maximise income
  - Effectively recover former tenant arrears
  - Offer comprehensive support to tenants to sustain their tenancies at all stages of the recover process
  - When appropriate, take legal action swiftly to minimise arrears increasing ensuring action is proportionate and adheres to all legislative requirements, i.e. Pre-Action Protocol.

## **3. Equalities Statement**

- 3.1 The Public Sector Equality Duty requires public bodies and others carrying out public functions to have due regard to the need to eliminate discrimination, to advance equality of opportunities and foster good relations.
- 3.2 Oadby & Wigston Borough Council’s allocation scheme promotes equal opportunities in the services it provides. Our aim is to implement and maintain services which ensures that no potential or current home seeker is treated less favourable on the grounds of gender, marital status, race, nationality, ethnic or national origin, colour, disability, age or sexual orientation nor is disadvantaged by the application of a rule, condition or requirement, which has a discriminatory effect which cannot be justified by law.
- 3.3 Our allocations scheme operates in accordance with the council’s equal opportunities policy. A copy of the policy is available from the Council Officers, Station Road, Wigston, Leicestershire, LE18 2DR.

## **4. Data Protection**

- 4.1 Any information provided as part of the application process will be treated in the strictest confidence and in accordance with current data protection legislation. The Council's corporate statement on data protection is available on the Council's website at [www.oadby-wigston.gov.uk](http://www.oadby-wigston.gov.uk).

## **5. Our Approach**

- 5.1 Rent is a priority debt and must be paid without exception. It is one of the most important bills a tenant has to pay.
- 5.2 It is the tenant's responsibility to pay the rent in full, in advance and on time. This is clearly set out in the tenancy agreement.
- 5.3 The council expects tenants rent accounts to be in advance at all times during their payment cycle, e.g. if a tenant pays their rent monthly, they should be one month in advance, so that the rent account is never in debt. Where a rent account is in arrears only because payment patterns do not match the council's weekly accounting periods, the council will work with the tenants to enable them to make extra payments to bring their account into advanced payment. This includes tenants in receipt of housing benefit or Universal Credit.
- 5.4 We will provide full information on how and when to pay rent when the tenancy agreement is signed. We also explain the consequences of not paying rent and what debt support services are offered locally. Where support issues are identified at a new tenancy sign-up, we will refer tenants for local support to either specialist council officers or Citizens Advice.
- 5.5 The council's preferred method of payment is Direct Debit, but we will offer multiple payment methods for tenants to pay their rent. If rent is not paid, it becomes arrears. This is a debt that tenants owe to us as their landlord.
- 5.6 We take arrears very seriously, even when it is just a small amount. Arrears can put a tenant's home at risk. Arrears also mean that we have less to spend on important services to tenants' homes.
- 5.7 Rent statements will be provided/accessible to all tenants on a regular basis and at every stage of the recovery process.
- 5.8 We encourage tenants to speak to the Income Team at an early stage if they are experiencing difficulties with paying rent.

## **6. Taking Court Action**

- 6.1 We will take tenants to court to ensure that they pay us arrears that are owed after reasonable attempts have been made to engage with the tenant to settle the debt. This is a serious step and will result in the tenant having to pay for court costs. If bailiffs are involved, their costs will have to be paid by the tenant as well.
- 6.2 We will follow the steps laid out by the Civil Justice Commission's Pre -Action Protocol when court action is being taken.

## **7. How We Can Help**

7.1 We understand that times can sometimes be difficult. This makes it more important that payment of rent is prioritised by tenants. Once rent arrears start to build they can become difficult to repay.

7.2 We are will to help tenants who are in arrears. It is essential that we contact the tenant as early as possible and that the tenants speak to us as soon as they are in difficulties.

7.3 We can signpost tenants to Citizen's Advice Bureau. This is very important when tenants are trying to pay multiple debts.

7.4 We expect arrears to be paid in full, but we will on a case by case basis come to an arrangement with tenants to repay arrears.

7.5 We will offer multiple options for tenants to pay their rent such as:

- Direct Debit
- Online payments
- Internet banking payments
- Telephone payments
- Standing order
- Pay Point (used when making payments in newsagents, garages etc)
- Council employees can pay through salary
- Cheque

7.6 Direct Debit is the council's preferred method of payment.

## **8. Early Contact**

8.1 We will contact tenants as soon as their rent account falls into arrears. We expect that tenants will work with us to sort out the debt. We expect that tenants will put things right at this early stage.

## **9. Low Level or Static Debt**

9.1 We take even small arrears seriously.

9.2 We will take firm action on low level debt. This is to protect the tenant falling into further arrears and financial difficulties.

9.3 This may also apply to small debts which may have been sitting on the rent account for a long time (static debt), even when they are not increasing.

9.4 We may serve notice and take legal action to recover money we are owed, where it is cost effective to do so.

## **10. Benefits**

10.1 We know that benefit payment problems can lead to arrears. It is important that tenants talk to us straight away if this is the case.

- 10.2 We may not start court proceedings where arrears are because of an outstanding benefit claim. This is only where a tenant can evidence that they have a genuine chance of getting benefits and has provided all the information.
- 10.3 We expect tenants to be paying any rent due which is not covered by Housing Benefit.
- 10.4 Tenants in receipt of Universal Credit are expected to make payments to cover the full weekly rental charge where they receive the benefit payments direct to themselves.
- 10.5 All tenants receiving benefits with the exception of Universal Credit (as this payment is made in arrears), are expected to be in advance with their rent payments, in the same ways as tenants do not receive any benefits.

## **11. Vulnerable tenants**

- 11.1 There is no standard definition of what is meant by the term 'vulnerable'. We will try to identify potential vulnerabilities as early as possible to enable us to offer the right support. Examples may include tenants with disability, drug or alcohol dependencies, mental health or elderly.
- 11.2 We will work in partnership with tenants, voluntary organisations and other support providers to offer extra support and guidance. We can signpost to agencies that offer support that is tailored to tenants' circumstances.
- 11.3 Equality Impact Assessments will be carried out to identify support needs through the arrears recovery process and services tailored to meet the needs of individuals where appropriate.
- 11.4 While we accept that vulnerable tenants may need additional support, we still expect rent to be paid on time and arrears repaid quickly.

## **12. Joint tenants**

- 12.1 Both tenants are 'jointly and severally' responsible for paying the full rent and for any rent arrears. This means that if one joint tenant does not pay, the other is fully liable.
- 12.2 This will be the case where universal credit is only paid to one tenant, or where on joint tenant has left the property.

## **13. Staff**

- 13.1 The council will train its staff in procedures to recover rent arrears. Continuous training will be available on legal updates, housing law, welfare benefit/reform updates, equality and diversity, safeguarding and any other relevant topic which will impact on collecting rental income.
- 13.2 Staff will provide tenants with welfare and housing benefits advice. They will also offer basic debt advice in order to support tenants to sustain their tenancy.

## **14. Taking Legal Action: Service a Notice of Seeking Possession (NOSP)**

- 14.1 Notices will be served for arrears where tenant(s) are 28 calendar days / 4 weeks or more in rent arrears.
- 14.2 We will normally serve the notice by post, but where appropriate we will serve by hand at the tenants' home address.
- 14.3 We can serve a notice after a shorter time and reserve the right to do this in exceptional circumstances, e.g. where a tenant fails to make payments towards static or low level arrears less than 4 weeks rent.
- 14.4 We still serve a notice even if an arrangement has been made if the arrears remain more than 4 weeks. This is to protect the council's interest in the debt owed.
- 14.5 We may still serve a notice where benefit eligibility has been established, but a tenant is not making payment towards any rent arrears owed.
- 14.6 We may delay serving a notice where the vulnerability of the tenant means that there are significant support issues.
- 14.7 We will seek possession under Ground(s) 1 of Schedule 2 to the Housing Act 1985 – 'Any rent lawfully due from the tenant has not been paid or the obligation of the tenancy has been broken or not performed'.
- 14.8 The notice is valid for 12 months from the date it becomes 'live', unless the tenant clears the arrears before it became live. A notice will be re-issued after 12 months lapse if the arrears remain and no court action has been taken.
- 14.9 We will serve a Notice to Quit where a licensee has up to 28 days or more in arrears and has not responded to our efforts to make contact, or has broken their agreement to repay arrears. We will ensure its use is proportionate.

## **15. Court Action**

- 15.1 We will apply to court for a possession order where:
- The tenant has refused to get in contact with us
  - The tenant has not come to an agreement with us
  - The tenant has come to an agreement with us, but has not kept to it
  - Arrears are not reducing
- 15.2 We will apply to court for a possession order once the notice has expired and will notify the tenant before applying to court. We will take into account the personal circumstances of the tenant before applying to court.

## **16. Adjournments**

- 16.1 We may adjourn a case on terms if we can make an arrangement with the tenant before any court hearing and the agreement is made and maintained prior to the court hearing.
- 16.2 Under the Housing Act 1985 there is a duty on the court to impose some form of payment on the tenant on making an adjournment, except where it would be unreasonable. We will always ask for repayment terms when agreeing to any adjournment.

## **17. Court orders**

- 17.1 We will consider the tenant's circumstances when deciding to seek a possession order, including:
- Ability to repay the debt
  - Their benefit situation
  - Their payment history
- 17.2 We will usually seek either a Suspended Possession Order (SPO) or an Outright Possession Order (OPO) from the court.
- 17.3 A money judgement will always be sought with any possession order, in addition to an order for costs incurred.

## **18. Alternative Payment Orders**

- 18.1 Alternative ways of seeking payments may be used. However, we will not use distraint or seizure of goods.

## **19. Attachment of Earnings**

- 19.1 The tenant's employer may be empowered to make regular deductions from the tenant's earnings and pay them directly into their rent account.

## **20. Insolvency Arrangements – Bankruptcy, Individual Voluntary Arrangements (IVA) and Debt Relief Orders (DRO)**

- 20.1 Where a tenant has an insolvency arrangement they remain liable to pay current rent as usual.
- 20.2 We do not have to write off rent arrears where bankruptcy has occurred. We may deal with repayments of rent arrears in line with this policy, and follow standard procedures for recover action where arrangements are not kept to.
- 20.3 The main feature of a DRO is a ban (called moratorium) which prevents creditors pursuing debts for a period of 12 months. Tenants with a DRO are still liable to pay current rent, and any rent arrears incurred after the DRO has been made are not



covered by the moratorium. We will deal with repayment of these arrears in line with this policy.

## **21. Eviction**

- 21.1 The council will only seek to evict as a last resort.
- 21.2 No eviction can take place without both the Housing Manager and Head of Service approval. This is something we take very seriously. We will only carry out an eviction where a county court bailiff is present and we will work with the bailiff to ensure that it is done as sensitively as possible.
- 21.3 We will send written notification of the date of the eviction to both the tenant and the council's housing management service.
- 21.4 We will advise all tenants to seek independent legal advice following our approval for officers to apply for an eviction.

## **22. Joint working**

- 22.1 We will work closely with internal and external partners to ensure that cases are being dealt with in a prompt and efficient manner, so that the rent account is maintained and payments are being made in a timely manner.
- 22.2 Partnership arrangements will be adopted where possible to ensure a comprehensive support service is in place for tenants in arrears or experiencing financial difficulties.

## **23. Loss of Rights for Tenants in Arrears**

- 23.1 Tenants in arrears will not usually be allowed to move home via the transfer list. (See the council's Allocations Policy).
- 23.2 Tenants in arrears may not be able to carry out tenancy changes such as mutual exchanges and creating joint or sole tenancies, etc, until the arrears are cleared.
- 23.3 If a tenant is in arrears, any compensation or redress payments will be offset against their arrears with any remaining money due payable to the tenant.

## **24. Former Tenants**

- 24.1 Former tenant arrears refers to rent arrears left by a tenant whose tenancy has ended and they no longer live in their home. It applies to all former tenant accounts including rent arrears, court cost, garage rent arrears, non-secure arrears, rechargeable arrears and occupation charges.
- 24.2 Collection of former tenant arrears is important to the council. Any debts owed to the council greatly reduce the level of service we can provide to our tenants. We will be proactive in collecting former tenant arrears using a range of methods in a flexible, but fair and consistent way. We will use the methods which are considered to be the most effective on a case by case basis and that deliver value for money.

## Prevention of Former Tenant Arrears

- 24.3 The council is focused on preventing former tenant arrears. While the tenant is living in the home we will work with them to try and prevent them falling into arrears wherever possible. This will include providing debt, benefit or general money advice where possible. We will also signpost to relevant agencies that can advise the tenant if we are unable to do so.

## Contacting Former Tenants and Tracing

- 24.4 The Income Team are responsible for collecting former tenant arrears.
- 24.5 We understand the importance of acting promptly to increase collection of former tenant arrears. The relevant officer will identify former tenant arrears at an early stage and contact the former tenant. We will contact former tenants using a variety of methods.
- 24.6 Where we have no up to date contact details on the former tenant or we need more information we will use tracing to try and locate the former tenant. Tracing is the method of finding a person's contact details.

## 25. Former Tenant Debt Collection

- 25.1 The council understands that each case of former tenant arrears is different and the same collection methods will not be suitable for all cases. The officer will consider on a case by case basis what collection method(s) would be the most effective and the best value for money.
- 25.2 We have a flexible approach to collection and the officer should regularly review the case to see if using different collection methods may be more successful.

### Debt Collection Agency (DCA)

- 25.3 The council will use a DCA when we have been unsuccessful in collection or tracing the former tenant. The DCA will return the case after 3 months if no arrangement has been made.
- 25.4 If the case is returned by the DCA due to unsuccessful trace we will continue to do in-house tracing for the next year. If unsuccessful debt to be written off.
- 25.5 If returned by the DCA due to being unsuccessful in collecting the debt a write off will be completed.
- 25.6 Where appropriate and more cost effective, we will use in-house tracing process using a compliant third party service.

### Court Action

- 25.7 We will begin court action where we have taken reasonable action to collect the debt, but this has been unsuccessful and we feel court action will be effective. We will always inform the former tenant of our intention before beginning court action.

25.8 We do not condone or employ the use of seizure of goods / distraint as a tool for collecting former tenant arrears, either directly, or via any employed agent.

## **26. Repayment Arrangements**

26.1 We understand that sometimes it is not possible for the former tenant to pay the full former tenant arrears immediately. In such cases we will agree to a repayment plan. The aim is for the former tenant to pay the arrears as quickly as they can, but the officer should ensure any repayment plan is affordable for the former tenant.

26.2 When agreeing the repayment plan with the former tenant, the officer will consider the former tenant's financial circumstances and what they can afford to pay. An income and expenditure sheet (affordability assessment) will be completed with the former tenant for all repayment arrangements.

26.3 If a tenant with arrears is transferred to another council property on management grounds, for example serious anti-social behaviour or domestic violence, terms to clear the former tenant debt should be agreed and confirmed before the move takes place and included in the new property tenancy agreement.

### **Missed Payments**

26.4 Where a repayment plan is in place but a payment is missed, we will contact the former tenant within seven days to ask them to immediately make the missed payment. If they are unable to do so then any repayment plan and / or discount may be removed and collection may immediately begin for the full amount.

### **Discounts**

26.5 The officer may offer a discount of up to 25% to help the former tenant clear their debt quickly and as one lump sum. A discount is only offered for debts over £200 and once an affordability assessment has been completed.

26.6 The amount of discount and the number of instalments offered must be authorised by an officer's line manager and where appropriate the Housing Manager.

26.7 In exceptional circumstances, discounts of more than 25% may be offered where the decision has been authorised by the Head of Built Environment.

26.8 Total discounted debt is to be cleared within three months of the confirmed written agreed discount.

26.9 The total amount of discounted debt which remains outstanding after the agreed debt amount has been cleared will be written off following the write-off approval process in section 14.

## **27. When to Write-Off Debts**

27.1 Every effort will be made to recover debts. Action to trace the former tenant and recover the debt will be taken before giving consideration to be recommended for write-off.

## Debts under £50

27.2 When the debt is under £50 the former tenant arrears will be approved for write-off by the officer's line manager as it is deemed as uneconomical to pursue / collect.

## Debts over £50

27.3 Authorisation limits for the writing off a debt will be as follows, with write-offs over £10,000 requested on the advice of the Section 151 officer.

Value	Authorised by
Amounts under £5,000	Individual officers and limits determined, where specific procedures are in place for categories of debt, which have been approved by the section 151 officer
Amounts under £10,000	Section 151 Officer and the Chair of the Policy Finance and Development Committee
Amounts £10,000 or more	Policy Finance and Development Committee

Circumstances of debt	Debt £50 - £199	Debt £200 and above
Tenant dies with no successor or, Tenant moved into residential care	Write off if there has been no response from executor / debtor within 28 days of sending a letter, or if there are insufficient funds to pay	Write off if there has been no response from executor / debtor to two letters within 56 days, or there are insufficient funds

Circumstances of debt	Debt £50 - £199	Debt £200 and above
<p>Tenant has left property for any other reason</p>	<p>Contact former tenant and / or Next of Kin if we have their details. If not then carry out in-house tracing. If tracing is unsuccessful case will be forwarded to DCA for Trace and collect. If DCA unable to contact for 3 months debt to be returned and written off</p>	<p>Where in-house tracing has been unsuccessful, refer to DCA</p> <p>The contractor in all cases where no arrangement has been made within 3 months from date of receipt of the case from the Council shall return the case to the Council</p> <p>If returned due to no forwarding address found then we will carry out in-house tracing every 13 weeks</p> <p>Where there has been no success after one year, former tenant arrears will be written off</p>

#### Extra information for evicted tenants

We are aware that if the former tenant has been evicted and has not for evicted tenants already re-paid the former tenant arrears after receiving a Court Order then it may be difficult to recover the former tenant arrears. However, often former tenants' circumstances change and they may become in a position to repay their former tenant arrears when previously they were not. The officer will carry out in-house tracing to check the former tenant's circumstances and then begin collection action as appropriate.

#### Statute Barred

- 27.4 The debt is over six years old, no legal action has been taken and there has been no contact with the debtor within a six year period.
- 27.5 If a former tenant approaches us for re-housing at any time we will reinstate any former tenant arrears previously written off, unless the debt has been written off as statute barred.

### 28. Disputes

- 28.1 The council will seek to resolve any disputes about the amount of former tenant arrears in a prompt and fair manner.
- 28.2 When disputing the amount of former tenant arrears owed, it is the former tenant's responsibility to provide evidence to support their claim, such as receipts proving the rent they have paid.

## **29. Former Tenant Credits**

- 29.1 For up to six years after a tenant leaves their property with any size of credit on their account we will make regular attempts to try and return this to the former tenant or Next of Kin. After six years we will not proactively attempt to return this, but if a former tenant or Next of Kin contacts us and requests repayment of this amount, we will re-pay this amount in full (minus any other money owed to us e.g. for rechargeable repairs).
- 29.2 If despite our attempts the former tenant credit is unclaimed after 6 years, the time for suing the council for this sum will have expired and the council will 'write-on' these amounts back into our budgets.

## **30. Debt Respite Scheme (Breathing Space)**

- 30.1 The Government's new 'Breathing Space' period will freeze interest, fees, and enforcement for people in problem debt, with further protections for those in mental health crisis treatment.
- 30.2 A 60-day breathing space period will see enforcement action from creditors halted and interest frozen for people with problem debt. During this period, individuals will receive professional debt advice to find a long-term solution to their financial difficulties.
- 30.3 Those receiving mental health crisis treatment will receive the same protections until their treatment is complete, in acknowledgement of the clear impact problem debt can have on wellbeing.
- 30.4 All requests for Breathing Space will be requested through The Insolvency Service.
- 30.5 When requests are made we will following the government guidance.

## **31. Contacting the Income Team**

- 31.1 Tenants can contact use in a number of ways, including by phone, email, online, in person or by letter.
- 31.2 The council's service standards set out the time frame of when customers will receive a response.

## **32. Review of Decision and Complaints**

- 32.1 Any tenant who is not satisfied with the manner in which the council or its contractor(s) has dealt with the service they have received regarding the Income Team Service has the right to have their case investigated. The tenant must submit their request for a review of the decision in writing which will be dealt with by an appropriate manager who was not involved in making the original decision. The request should be addressed to:

The Housing Manager  
Oadby & Wigston Borough Council  
Council Offices  
Station Road  
Wigston

Leicestershire  
LE18 2DR

32.2 If a tenant remains unsatisfied with the decision or the way in which their case has been handled, then a complaint should be made through the Council's Compliment, Comment and Complaints procedure. Tenants can make a complaint in the following ways:

- Online - [www.oadby-wigston.gov.uk](http://www.oadby-wigston.gov.uk)
- Telephone - 0116 288 8961
- Email - [csc@oadby-wigston.gov.uk](mailto:csc@oadby-wigston.gov.uk)
- Letter – Council Offices, Station Road, Wigston, Leicestershire, LE18 2DR

### **33. Monitoring**

33.1 Oadby & Wigston Borough Council are committed to operating a successful rent collection service.

33.2 The Income Team will monitor arrears cases every week, identify the source of arrears and take action as appropriate and in accordance with the Rent Arrears Recovery Procedure.

33.3 The Senior Income Officer will monitor performance weekly, reviewing targets and actions regularly to ensure compliance with policy and procedures and that there is a consistent approach to arrears recovery.

33.4 We will regularly review our policy, procedures and correspondence.