

Income Management Policy



Directorate: Communities

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1. Introduction

- 1.1. This policy establishes Salix Homes' commitment to an efficient and effective income management service that maximises the income due and collectable from rent, service charges and other charges.
- 1.2. The policy applies to all of Salix Homes' properties including Private Sector Leasing (PSL) properties and covers all current and former customers where they pay or were contracted to pay rent, service or other charges.

2. Policy Statement

- 2.1. Salix Homes aims to minimise outstanding debt. The key objective of this policy is to manage our income effectively and keep debt to a minimum to ensure the continued financial viability of the organisation.
- 2.2. Our income management policy aims to reflect good practice and meet legal and regulatory requirements at all times. We will continually monitor good practice and statutory and regulatory requirements. Our procedures will take account of the Pre-Action Protocol for Possession Claim for rent arrears.
- 2.3. We recognise the need to help people avoid getting into financial difficulty and sustain their home. We aim to achieve a balance between supporting customers when they are in difficulty and taking firm but fair action against individuals that are in debt.
- 2.4. In cases of persistent debt, following appropriate warnings, Salix Homes will take appropriate legal action to repossess the property.

3. Rent and Charges

- 3.1. Customers will receive clear information regarding any charges they need to pay in respect of the tenancy agreement. This will include the frequency of the charge, amount they need to pay and the reason for the charge.
- 3.2. Rent charged at all PSL properties will be tracked to the Local Housing Allowance (LHA) rate for the location of the property.

4. Payment Methods

- 4.1. A range of payment options will be available to customers to enable them to make timely payments.

5. Frequency of Payments

- 5.1. Rent charges for properties and garages, support charges and service charges are due weekly or monthly in advance. It is acceptable to pay multiple weeks/months in one payment, as long as the payment is made before the rent and other charges are raised. Where cases are awaiting Housing Benefit or Universal Credit, we will complete a manual calculation to identify if any payments will be due to the account that will not be covered by Housing Benefit or Universal Credit. In these circumstances, the customer will be advised of any charges that they need to pay.
- 5.2. In recognition that some customers may require additional support to access welfare benefits they may be entitled to, Salix Homes will provide appropriate advice where needed, including signposting to external agencies.
- 5.3. We will identify court costs, rechargeable repairs and other service charges and costs separately and we will pursue these debts in accordance with the hierarchy of debts (see below).

6. Statements

- 6.1. Customers can request a statement of their account at any time by contacting the contact centre or a member of the Income Team during working hours.

7. Changes to Charges

- 7.1. We will inform customers of changes to rent and other charges at least one month before these changes come into effect.

8. Overpayments

- 8.1. We will refund all overpayments of charges within a set timescale following an agreement between Salix Homes and the customer that there has been an overpayment by the customer. Before a refund will be made the customer needs to have first settled any other debts to Salix Homes or overpayments of Housing Benefit.

9. Hierarchy of Debt

- 9.1. A customer may have more than one payment account with Salix Homes, for example if they have court costs, a garage and/or rechargeable repairs.
- 9.2. Where a customer has arrears on more than one account, the following hierarchy of

debt will be applied in relation to the collection of the debts:

- Current tenant rent, service charge and support charge arrears
- Court costs associated with legal action to recover rent arrears on a current tenancy
- Current garage arrears
- Current rechargeable repairs
- Former tenant arrears (rent, service charge, support charge, court costs, garage arrears, rechargeable repairs)

10. Training

10.1. Salix Homes will provide the Income Team with appropriate training to ensure that they are able to carry out their roles efficiently and effectively.

11. Advice and Support

11.1. Salix Homes will provide advice and support to all customers who require it. Where a case is more complex, they may refer the customer to an external specialist agency.

11.2. Salix Homes will work closely with other agencies (Housing Benefits, DWP, welfare benefits, Citizens Advice etc.) and form strong working relationships with debt counselling agencies providing support and independent advice to customers in arrears.

12. Housing Benefits / Universal Credit

12.1. Salix Homes will work closely with Salford City Council Housing Benefits department and the DWP to progress cases on behalf of customers. Customers will be encouraged to provide authorisation for Salix Homes to liaise on their behalf to facilitate this.

12.2. Salix Homes will assist new and existing customers to complete Housing Benefit / Universal Credit and other welfare benefit claim forms.

12.3. Customers will be encouraged to authorise direct payment of Housing Benefits to Salix Homes.

12.4. Salix Homes will evaluate whether the criteria to apply for an APA (Alternative Payment Arrangement) is met and, if it is, apply for the APA e.g. if the account is 8 weeks or more in arrears, if the customer is vulnerable etc.

13. Current Tenant Arrears

13.1. Prevention of Current Tenant Arrears

Before an offer of a property is made to a prospective tenant, the Housing Team will carry out an affordability check to assess the individuals' financial circumstances and to ensure that the rent can/will be paid either by the customer themselves, through Housing Benefit or Universal Credit. This check will also be used to highlight any financial support the customer may require so that appropriate support can be put in place. The Housing officer will work closely with the Income Officer to ensure appropriate support and advice is given.

At sign up a Housing Officer will:

- Explain the rental charges and communicate to the customer the ways they can pay and their responsibility for ensuring that rent and other payments are being made regularly and on time
- Provide support and advice with regards to benefits and refer them to the Income Team if additional specialist support is needed
- Where appropriate, assist the customer to make and progress a claim for Housing Benefit or Universal Credit,
- Request the first two week's rent payment up front dependent on the financial assessment.
- Identify housing support needed to sustain their tenancy and make a referral to the Support Team where appropriate.

13.2. Recovery of Current Tenant Arrears

Salix Homes recognises that occasionally customers may experience financial difficulties and be unable to pay their rent or other charges due. In these cases, Salix Homes will adopt a firm but fair approach to arrears recovery, offering all customers clear, practical support and advice and an affordable repayment plan.

Salix Homes will contact customers when their account is identified as being in arrears to make them aware of the situation and to identify if there is any assistance that Salix Homes can provide. Salix Homes will use methods of contact appropriate to the individual customer.

Where the customer cannot afford to clear their arrears in full, Salix Homes will

agree an affordable repayment plan with them.

Salix Homes will not seek to take legal action against a customer whose arrears are due solely to delays in the Housing Benefit / DWP system. Where a customer has accrued arrears because they have not provided Housing Benefits / DWP with correct information at the requested time, Salix Homes may take action which could ultimately result in the customer losing their home.

13.3. Writing off Current Tenant Arrears

Salix Homes will not write off current tenants' arrears.

13.4. Legal Action

Salix Homes will seek to maintain and sustain tenancies. Salix Homes will always seek to support the customer to remain in their home and will seek legal action and eviction only as a last resort, when all attempts to reach an agreement for the repayment of the arrears have failed. Salix Homes will always make clear to customers that non-payment of rent and other charges could result in Salix Homes taking action that may lead to the loss of their home.

Salix Homes will adhere to the Rent Arrears Pre-Action Protocol that aims to encourage pre-action contact between parties and provides a structure to be followed by Salix Homes when considering issuing court proceedings.

Salix Homes will provide copies of all legal documents to all customers named in the tenancy agreement. Where a tenancy is sole, Salix Homes will encourage the customer to keep other interested parties (such as partner, spouse) informed of any pending legal action.

Legal action for arrears will cease immediately if arrears and any associated legal costs are cleared and ongoing payments of rent are maintained.

Salix Homes will develop a good working relationship with the courts and participate in court user groups.

13.5. Use of Ground 8 for Possession

PSL tenancies and Salix general needs tenancies created post 23 March 2015 have the Ground 8 Possession clause in the tenancy agreement. This does not apply to general needs tenancies created before 23 March 2015. We will serve tenancies with this clause a Notice of Seeking Possession that states that we may seek mandatory possession using Ground 8.

In determining when to use ground 8, Salix Homes will take a 'can't pay / won't pay'

approach. Where a tenant can't pay and wants support, we will offer this. Where a tenant does not pay and does not accept or engage with support, they will be considered a tenant who won't pay and ground 8 may be used.

Salix Homes will consider using ground 8 when all the following apply:

- Arrears levels are at an appropriate level.
- There is persistent refusal to engage on behalf of the tenant to remedy the arrears.
- There are no known vulnerabilities that, with appropriate support in place, affect the tenant's ability to pay their rent and attempts have been made to determine if there are vulnerabilities.
- If the tenant is not engaging, appropriate checks have been made to establish whether the tenant is residing at the property.

'Refusal to engage' includes the complete or persistent failure to co-operate with Salix Homes' staff, complete or persistent refusal to meet with Salix staff, or complete or persistent failure to respond to communications with Salix staff.

The use of ground 8 will not usually be considered when any of the following circumstances are present:

- The tenant has a vulnerability that affects their ability to pay their rent with the appropriate support in place.
- The tenant is co-operating with Salix Homes to reduce their arrears.
- Evidence has been provided by the tenant that they have submitted a housing benefit or universal credit claim, and they have provided necessary proof.
- Housing Benefit or DWP have confirmed that they have received a claim.
- Salix Homes believes that the arrears have been caused by benefit claim processing delays.

14. Former Tenant Arrears (FTAs)

14.1. Prevention of Former Tenant Arrears

Salix Homes will aim to prevent former tenants' arrears from occurring. This will be achieved by the following means:

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- Ensuring that tenants who wish to terminate their tenancies are advised that they must ensure that their rent account and any other related debts are clear at the end of the four week notice period.
- Making strenuous efforts to ensure that Salix Homes always has a forwarding address for debtors moving elsewhere.
- Only allowing tenants to transfer to another property when there are outstanding arrears in exceptional circumstances. In such cases, a special condition should always be inserted in the new tenancy agreement, which specifies the amount of the former tenant debt and the terms on which it is to be repaid.
- Not allowing mutual exchanges to take place when one of the parties to the exchange is in debt with Salix Homes.
- Ensuring that any FTAs owed by persons being permanently decanted due to their property being part of a redevelopment scheme are deducted from any home loss payment they may receive.
- Offering debt and welfare benefits service to all debtors owing housing debts.

14.2. Recovery of Former Tenant Arrears

Salix Homes will initially attempt to recover former tenants' arrears using internal resources. This will include taking action to obtain forwarding addresses for former tenants and other debtors and obtaining offers of payment from them.

In the first instance, Salix Homes will seek to agree reasonable terms for the repayment of any outstanding debts. Circumstances surrounding the agreed repayment schedule will vary significantly according to the financial circumstances of the FTA holder.

We will take decisions relating to court or debt recovery action based on the level of the default/debt so as not to expend money with little or no prospect of recovery. We will not refer cases below £50 d for exhaustive action. We will apply In-house processes to these cases.

14.3. Tracing Former Customers and Use of Debt Collection Agencies

Salix Officers will conduct a trace of a former tenant where appropriate using Experian.

If the whereabouts of the account holder has been established then the process of recovering the debt/s will commence using in-house resources. Should this prove unsuccessful then Salix Homes may use a debt collection agency to recover the debt owed.

A debt collection agency will only be engaged where a forwarding address is known and the client is not classified as vulnerable. Normally, where efforts to locate the FTA holder and secure the debt or repayment plan fail, then a properly accredited agency will be instructed to act on behalf of Salix Homes. This will be subject to a minimum debt level of £100. The agency is paid a recovery fee from the debt they have collected.

14.4. Incentives to Aid Recovery of Former Tenants’ Arrears

Salix Homes will offer an incentive scheme to encourage payment of former tenants’ arrears.

Value of debt	Action and recovery levels
£10 - £250	At this level the FTA officer as authority to negotiate settlements to achieve collection of a minimum of 50% of the debt.
£250 - £1000	At this level the FTA officer as authority to negotiate settlements to achieve collection of a minimum of 50% of the debt. Should 50% not be achieve the Income Manager is authorised to make settlements up to a limit of recovering a minimum of 25% of the debt.
£1000 +	At this level the FTA officer as authority to negotiate settlements to achieve collection of a minimum of 50% of the debt. Should 50% not be achieve the Service director – Customer Service is authorised to make settlements up to a limit of recovering a minimum of 25% of the debt.

14.5. Writing off Former Tenants’ Arrears

Salix Homes will write of former tenants’ arrears if all attempts to trace a former tenant have failed and the debt collection agency recommend writing off the debt. Salix Homes will seek authorisation to write off debts on a regular basis, in line with recommended good practice. There are a number of reasons why rent arrears and other related debts may be recommended for write off. These are attached at appendix A.

If a former tenant is subsequently traced or applies for rehousing their former tenants’ arrears will be written back on.

14.6. Joint and Several Liability for a Former Tenant Debt

Whereas sole tenants are solely liable for any debt they incur while they have a tenancy, joint tenants/leaseholders are legally, 'jointly and severally' liable for the terms of their tenancy, including the payment of any rent arrears or housing related debts. All joint parties must therefore ensure that payments are made on time. If a debt is left behind after a joint tenancy/agreement has ended, all parties have liability for settlement of the debt.

Action to enforce the liability can be taken against one, two, several, or all joint tenants/agreement holders. Agreements to pay can be made with individual joint tenants, where necessary, but such agreement(s) should be for the clearance of the total debt, not a proportion of it (unless the incentive scheme has been agreed).

15. Right to Buy

15.1. Salix Homes will make Customers aware that Right to Buy / Right to Acquire applications will not be completed while their rent account is in arrears.

15.2. The Right to Buy/Right to Acquire does not apply to PSL properties.

16. Monitoring Performance

- Current tenants arrears as a % of rent roll
- % collection rate of current and former tenants arrears
- Value of current tenants arrears
- Value of former tenants arrears
- Value of write offs
- % of bad debt

17. Roles and Responsibility

17.1. responsibility for Salix Homes Income Management policy lies the Salix Homes Board. This is supported by the executive and senior management and operational teams to ensure effective delivery of the policy and ensure Salix Homes maximises income collection.

17.2. Director of Communities – strategic overview of the policy. Reporting to the executive Management team on performance, compliance and overall strategy.

17.3. Income Manager - operational delivery of income collection services, adherence with legislation, policy, and performance requirements.

17.4. Income team – day to day application of the policy

18. Legal / Regulatory Links

- Protection from Eviction Act 1977
- Housing Act 1985
- Housing Act 1988

19. Equality, Diversity and Inclusion

19.1. Salix Homes is committed to promoting and embedding a culture of equality, diversity and inclusion (EDI) within our workplaces and the communities we serve.

- Equality is about ensuring that every individual has an opportunity to make the most of their lives and talents;
- Diversity is recognising difference and responding positively to those differences;
- Inclusion is about creating an environment where our services and employment opportunities are accessible to all.

19.2. We are committed to meeting our obligations and duties under the Equality Act 2010 and to promoting equal opportunities both in the provision of services and in our employment practices. We will consider all the protected characteristics of the Act which are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Race
- Religion or belief
- Sex
- Sexual orientation
- Pregnancy and maternity

19.3. We also recognise that Socio-economic background is an area where inequalities exist and commit to addressing this disadvantage and inequality in our communities where able to do so.

19.4. We are also mindful of our duties under the Public Sector Equality Duty, which is to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

19.5. Where reasonable to do so, Salix Homes will make any reasonable adjustment to ensure compliance with the Act.

20. Related Documents

20.1. Income Collection Procedure.

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