

# Income Management Policy

## 2022

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## **1. Policy statement**

- 1.1 West of Scotland Housing Association (WSHA) views Income Management as a vital part of its housing management function as there is a direct relationship between the effective collection of revenues and the ability to deliver high-quality services to customers.
- 1.2 This policy and its associated procedure establish WSHA's requirement to operate an efficient and effective income collection service that complies with legislative requirements. The approach will ensure that priority is given to maximising income and minimising or preventing any risk of customers accumulating rent arrears and other tenancy related debt.
- 1.3 This policy and associated procedure are applicable to the housing management services delivered by WSHA to general needs, sheltered, amenity and factored customers.

## **2. Roles and responsibilities**

- 2.1 The Director of Housing & Community Services is responsible for ensuring adoption of, and adherence to, this policy and its associated procedures relevant to their operation.
- 2.2 The Director of Housing & Community Services has responsibility for ensuring that WSHA is compliant with legislative/regulatory requirements and good practice.
- 2.3 The Housing Manager has day-to-day responsibility for the implementation of this policy in practice. They are responsible for:
  - ensuring this policy is communicated with all staff;
  - ensuring suitable and sufficient training and instruction is provided;
  - ensuring this policy is followed by all staff; and
  - ensuring the necessary equipment and resources are available to make sure compliance can be achieved.
- 2.4 To assist WSHA in carrying out its obligations, employees must:
  - be aware of, understand and comply with this policy and any related operational guidance
  - participate in any training which WSHA makes available; and
  - communicate any issues with implementing this policy to their line manager and identify opportunities for continuous improvement.

## **3. References and sources**

- 3.1 The following legislation, references and sources are relevant to the development and delivery of this policy and associated procedure:

- [Allocations Policy](#) – includes details on suspending transfer tenants for tenancy related debt
- [Bankruptcy and Diligence Etc. \(Scotland\) Act 2007](#) sets out requirements in relation to storage of property belonging to evicted tenants.
- [Data Protection Act 2018](#) – makes provision about the processing of personal data
- [General Data Protection Regulation](#) – covers the protection of natural persons with regard to the processing of personal data and the free movement of such data
- [Homelessness etc. \(Scotland\) Act 2003](#) - sets out an obligation to provide local authorities with early notice of households at risk of homelessness due to eviction.
- [Housing \(Scotland\) Act 2001](#) - sets out an obligation to provide tenants with a written document stating the terms of the tenancy, including the obligation to pay rent lawfully due, and requires social landlords to consult tenants and take account of their views when making decisions about proposed rent increases. It also covers the grounds for eviction, including rent arrears.
- [Housing \(Scotland\) Act 2010](#) introduced pre-action requirements that landlords must satisfy in all rent arrears cases before serving a notice on a tenant.
- [Mutual Exchange Procedure](#) - includes details on refusing permission to exchange for tenancy related debt
- [Rechargeable Repairs Policy](#) – details the principles related to raising recharges and recovery of the associated debt
- [Rent, Service & Occupancy Charge Policy 2020](#) – outlines our position on setting rents and other charges, considerations regarding affordability of these charges and reviewing charges each year
- [Scottish Government: Housing \(Scotland\) Act 2001 and 2010: repossession guidance for social landlords](#) - gives guidance on complying with pre-action requirements.
- [Scottish Housing Regulator: How social landlords consult tenants about rent increases](#) - outlines good practice on how social landlords consult tenants about proposed rent increases.
- [SFHA Guide to Rent Setting and Affordability Tool](#) provides guidance on assessing if rents are affordable.
- [Tenancy Management Policy](#) and associated procedure provides guidance on rent arrears when there is a tenancy change such as succession or assignation.

## 4. Equalities

- 4.1 We will not unlawfully discriminate against any person within the protected characteristic groups as contained within the Equality Act 2010. To ensure equal access to the information contained in this policy for all, we are happy to provide copies in Braille, in larger print, translated into other languages or on tape to you or anybody that you know upon request and where practicable.

4.2 WSHA will seek to ensure that income management is approached in a manner that is fair to all sections of the community regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

4.3 As with all Association policies and practices, the Association will adhere to Outcome 1 of the Scottish Social Housing Charter (Equalities):

‘Social Landlords perform in all aspects of their housing services so that every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.’

## **5. Consultation**

5.1 The Tenant Advisory Group and Tenant Scrutiny Panel were consulted on the proposed changes to this Policy.

## **6. Monitoring and compliance**

6.1 This policy will be monitored to ensure that the operational arrangements are compliant with legislation and reflect best practice. The Director of Housing & Community Services will commission cases to be audited on a regular basis. Records of arrears cases stored on the appropriate systems will be reviewed to ensure cases are dealt with in a timely, fair and transparent manner.

6.2 Period of review

6.2.1 Until a new policy is formally adopted this document will remain in force and operational.

6.2.2 This policy will be reviewed in accordance with the policy review programme agreed by the Corporate Management Team (CMT).

6.2.3 If there are significant changes to legislation or regulation or there are found to be deficiencies or failures in this policy, as a result of complaints or findings from any independent organisations, the Director of Housing & Community Services will initiate an immediate review.

6.2.4 Where appropriate, key stakeholders and interested parties will be consulted as part of any review of this policy.

## **7. Approval**

7.1 This policy is approved by WSHA’s Board of Management.

## **8. Operational arrangements**

## **8.1 Current tenant rent arrears**

- 8.1.1 In cases where rent arrears do accrue, we will take prompt action so that these are kept to a minimum and are reduced through a fair, responsive and, when necessary, firm approach.
- 8.1.2 We aim to help to people avoid getting into financial difficulties in the first place and help them sustain their tenancy with us wherever possible. We aim to achieve a balance between supporting tenants in difficulty and taking firm but fair action against individuals that are in arrears.
- 8.1.3 We will provide a range of payment options to tenants and work with them to access these options.
- 8.1.4 If tenants are not in a position to clear their arrears balance in one payment, we will work with them to reach fair and effective repayment arrangements which balance our requirement to maximise income with the tenants' ability to pay. Any arrangements to pay will be monitored regularly and appropriate action taken to address broken arrangements quickly.
- 8.1.5 We recognise that some tenants will require extra help and assistance to meet their rental obligations. We will provide comprehensive welfare advice, debt counselling and other financial advice in order to be in a position to meet these needs.
- 8.1.6 We will reinforce our commitment to homeless prevention by ensuring proper support and guidance is given to tenants in arrears, their rights and options, and ensuring that eviction is used as a last resort and only when all other options have been exhausted.
- 8.1.7 Where appropriate, we will work closely and co-operate with other agencies, whose functions and remits include dealing with any aspects of arrears up to and including homelessness.
- 8.1.8 The confidentiality of all parties involved in cases of arrears will be respected. It is also recognised that it can be uncomfortable or distressing for tenants to discuss their financial situation with staff. We will treat tenants with consideration and respect and ensure that a variety of options are available for tenants to communicate with us, including home visits, and accompaniment by specialist agencies.

## **9. Arrears prevention**

- 9.1 We will provide new tenants with comprehensive information on paying their rent at the pre-tenancy visit and sign up, to ensure they have all the information they need to support them in making payments and are aware of any relevant methods of assistance to pay their rent (for example Housing Benefit and Universal Credit). We will also carry out a financial assessment

and make appropriate referrals or provide advice on affordability as appropriate, ensuring that new tenants are made aware of our in-house Welfare Rights Team and Community & Support Services Team.

- 9.2 We will promote responsibility for payment of rent, for example by insisting that rent is paid in advance. Tenants in receipt of Housing Benefit or Universal Credit will be asked to pay at least £5 towards the rent at the sign up, and to pay at least £5 per week (or a pro rata amount for other periodic payments e.g. £21.67 per month) until their claim is processed.
- 9.3 Continuously monitor rent accounts
- 9.3.1 Early identification of arrears linked to a quick response is essential to minimising arrears levels. We will regularly monitor the progress of all rent accounts where tenants are in arrears and will normally begin and will normally begin our recovery process when arrears start to accrue.
- 9.3.2 Regular face-to-face contact and home visits form an integral part of our action to recover arrears and emphasis is placed on personal contact from an early stage to identify solutions to tenants' non-payment issues.
- 9.3.3 Our approach to arrears prevention and recovery will be publicised to tenants in a variety of ways, including information leaflets, social media, tenant handbooks, the WSHA website and newsletters, and as part of consultation exercises on matters such as the annual rent increase. We will also ensure tenants have access to periodic rent statements to ensure they are aware of their balance and any potential over/under payments.

## **10. Legal action**

- 10.1 When a tenant fails to co-operate in reducing the arrears or continuously breaks a repayment arrangement, we will consider taking legal action. Such action is not taken lightly and only when other options have been exhausted. The different forms of action that will be considered include:
- Notice of Proceedings for Recovery of Possession;
  - recovery proceedings including for recovery of the property only, recovery of the debt only or conjoined action;
  - earnings arrestment;
  - bank account arrestment; and
  - eviction.
- 10.2 Any decision to commence legal action, and subsequent decisions on the course of action taken, will be taken by staff of at least Team Leader level. Any decision to approve an eviction or enforce a decree will be signed off by the Housing Manager and passed to the Corporate Management Team (CMT), who has delegated authority to approve these requests on behalf of the Board.

- 10.3 When approval is given to enforce a decree for eviction, the tenant will normally be given a final opportunity to pay the debt (including rechargeable repairs, legal fees and expenses (where awarded) and any other associated costs) in full, to avoid the eviction being carried out. This will normally be accepted as a single full payment. Team Leaders in conjunction with the Housing Manager may, at their discretion and where it is considered reasonable to do so, accept a payment amounting to three-quarters of the total sum of arrears, with an arrangement in place to pay the remaining debt over a maximum of 10 weeks. This arrangement may be applied where it is clear that the tenant cannot pay the full sum as a single payment.
- 10.4 In circumstances where more than one decree for eviction has been awarded against a tenant during their tenancy history with us, we may decide to enforce the decree but the tenant will only be able to prevent eviction by clearing the full debt owed to the Association. Staff should clearly explain this approach to the tenant so that they are clear their right to stay in the property is not guaranteed unless they pay the full amount owed. Staff should also encourage the tenant to clear their arrears on the basis that it could have an impact on their access to housing in the future as they will have no outstanding debt.
- 10.5 To comply with section 11 of the Homelessness etc. (Scotland) Act 2003, we will notify the relevant local authority when we raise proceedings for possession.
- 10.6 Evictions and storage of goods
- 10.6.1 Any goods left in the property will be removed immediately after an eviction is carried out and moved to storage for one month maximum. Unless instructed by the Sheriff, or unless the former tenant makes contact to collect the goods immediately after the eviction, the goods will be disposed of after one month. If any goods are in a condition likely to be detrimental to the property or other stored goods (for example soft furnishings with sharps or infested items), these will be disposed of immediately.
- 10.6.2 If the former tenant makes contact on or immediately before the date of eviction about the collection and removal of their goods, staff may leave the goods in the house until 14.00 on the day of the eviction to allow for the belongings to be uplifted by the former tenant. If it is not possible in that timescale then the belongings can be removed and stored securely before uplift if required. The goods in this scenario should be stored for a maximum of one month then disposed of. WSHA may recharge tenants for the storage of goods from the time they are removed from the property to the date of disposal.



10.6.3 An inventory should be completed to record the former tenant's belongings which are to be removed and put into storage. This should include photos of each room as a precautionary measure before items are removed.

## 10.7 Pre-action requirements

10.7.1 The principles set out above are in line with the Scottish Government's *Guidance for Social Landlords on Pre-Action Requirements and Seeking Repossession of Social Housing*. This guidance will underpin our approach to the recovery of rent arrears. Before sending a Notice of Proceedings for Possession (from here on referred to as 'a notice'), the following steps are followed. We will:

- provide the tenant with clear information about the terms of the tenancy agreement together with any outstanding rent and any other financial obligation of the tenancy;
- make reasonable efforts to provide the tenant with advice and assistance on the tenant's eligibility to receive housing benefit and other types of financial assistance;
- provide the tenant with information about sources of advice and assistance in relation to management of debt;
- make reasonable efforts to agree with the tenant a reasonable plan for future payments with us. Any such plan will include proposals in respect of future payments of rent, outstanding rent and any other financial obligations of the tenancy;
- not serve a notice if an application for Housing Benefit, Universal Credit or Alternative Payment Arrangement for the tenant has been made (but not yet determined) and is, in our opinion, likely to result in benefit being paid at a level which would allow the tenant to pay, or reduce by an acceptable level, the outstanding rent and any other financial obligations of the tenancy;
- not serve a notice if the tenant is taking other steps which, in our opinion, are likely to result in payment within a reasonable timescale of the outstanding rent and any other outstanding financial obligation of the tenancy;
- not serve a notice if the tenant is complying with a repayment plan agreed with the landlord; and
- encourage the tenant to contact their local authority to seek advice on homelessness.

## 11. Welfare Rights

11.1 The Association continues to recognise the financial impact of changes to benefits/employment, which includes Universal Credit and other factors such as under-occupancy e.g. bedroom tax and unemployment. Some benefits are administered by Westminster but some have been devolved to the Scottish Government. The Association will continue to provide a range of support to

tenants to assist tenants maximise their income while supporting them with their benefits should they need help.

- 11.2 We have implemented a wide range of initiatives to help our tenants who have been or will be affected by changes to welfare benefits, and will continue to offer advice and support to tenants who may be affected. This includes specific advice and support for tenants through our in-house Welfare Rights and Community Support teams.
- 11.3 In principle all rent arrears arising from welfare benefits will be pursued in the same manner as other arrears, with the same degree of support and consideration of individual circumstances being applied.

## **12. Other tenancy related debt**

- 12.1 We will ensure that all other tenancy related debt (former tenant arrears, and sundry debts such as rechargeable repairs and court costs) are identified and accounted for. We will normally seek to recover former tenant arrears, unless the cost of recovery is likely to exceed the amount involved.
- 12.2 We will adhere to Data Protection requirements but will use information from the former tenants' tenancy record, such as next of kin address, to help trace former tenants.
- 12.3 Where tenancy related debt is considered to be irrecoverable or where the cost of recovery is likely to exceed the amount involved, approval for them to be written off will be sought from the CMT or appropriate governing body in line with the [Write Off Policy](#).
- 12.4 If a period of five years has elapsed since the last payment or last contact with the tenant, then we will normally request that the arrears are written off, as the debt is likely to have been prescribed. In some circumstances we may lodge an action in court before the five years has elapsed, in order to prevent the debt from being prescribed, and allow us to take further action.
- 12.5 Where there is contact with a customer with tenancy related debt, support and advice will be given to help them manage their debt, including signposting/referral to other specialised organisations.
- 12.6 When it is not possible to engage a customer with tenancy related debt in a voluntary arrangement to repay the debt, we may use all available legal remedies up to and including wage arrestment and sequestration (bankruptcy).
- 12.7 Our approach to pursuing former tenant debt for deceased tenants is set out in the [Tenancy Management Policy & Procedure](#).

- 12.8 Where abandonment or eviction proceedings have been concluded and there is an outstanding former tenant arrear with no forwarding address, this will be immediately referred to a tracing organisation.
- 12.9 Only third party agencies which comply with all statutory and regulatory requirements, codes of conduct, etc. in relation to debt management and recovery will be appointed to carry out tracing activities.
- 12.10 Where appropriate and reasonable WSHA will endeavour to recharge tenants for repairs which are either the tenant's responsibility or due to negligent, wilful, or accidental damage. The principles related to raising recharges and recovery of the associated debt is detailed in the [Rechargeable Repairs Policy](#).

### **13. Sharing owners**

13.1 New shared owners will be:

- provided with full details of their specified occupancy charge and building insurance charge, as well as any management fee or other service charges;
- be encouraged to make payment by Standing Order or Direct Debit; and
- be encouraged to take out mortgage protection insurance.

13.2 Arrears owed by sharing owners will be managed in line with the principles detailed above. Section 2 of the Co-operation Agreement requires that owners pay the occupancy charge on the first day of each month. Owners failing to do so this will be recorded as being in arrears.

13.3 First arrears letter will be issued 10 days after the debit is raised. Second arrears letter will be issued one week after the first letter. Following the issuing of the first two letters a home visit should be arranged before the next monthly charge is due. If the charges are two months in arrears, then a specific notice will be issued advising the shared owner that they are in breach of their occupancy agreement. If arrears continue to rise without the co-operation of the shared owner, then WSHA will instruct our solicitors to start the necessary action for recovery.

13.4 WSHA recognises that shared owners may require independent financial advice and signposting to relevant advice agencies will be provided as appropriate. Where arrangements are to be put in place for the staged repayment of debt, the level and pace of repayment will be based upon a schedule considered mutually reasonable, affordable and sustainable to the Association and shared owners.

13.5 The Association and any mortgage lender will act together when considering legal action where a sharing owner is in default of their occupancy payment, mortgage repayments or both. If the sharing owner continues to fail to address their debt, then an action for repossession may be raised in the name of both WSHA and the mortgage lender.

13.6 Where the shared owner is still in occupancy at the time of repossession, WSHA will inform the Homeless Persons Section of the relevant local authority in advance of the repossession. Where possible/practicable, WSHA will provide the shared owner with advice and assistance about finding alternative housing, which might include details of the Scottish Government's Home Owners' Support Fund.

#### **14. Write off**

14.1 Any decision to write off tenancy related debt/credit will be initially approved by the Housing Manager and Team Leader, and approval will then be sought from the CMT (quarterly for under £2k) or the Board (twice yearly for over £2k) as set out in WSHA's [Write Off Policy](#).

#### **15. Legal action – other debts**

15.1 Any decision to commence legal action, and subsequent decisions on the course of action taken, will be taken by a Team Leader and Housing Manager or other officer of at least equivalent seniority.

15.2 Any decision to enforce a decree will be signed off by the Housing Manager and Corporate Management Team who has delegated authority to approve this on behalf of the Board.

#### **16. Rent setting**

16.1 In setting rents, we aim to ensure that we set and maintain rental income at a level that guarantees the Association's future long term financial viability whilst taking account of affordability to current and future tenants, and comparability of rents charged by other social landlords for similar properties. Further details on rent setting are provided for in the [Rent, Service & Occupancy Charge Policy 2020](#)

#### **17. Rent payment**

17.1 The Association has a variety of options available for tenants to pay their rent however the preferred payment method is by Direct Debit. Payment methods include:

- Direct Debit Mandate – This can be arranged by obtaining a Form from the Association's Office. It can be set up for weekly, fortnightly or monthly payments.

- Payment Card – A payment card is available to all our tenants to allow them to pay at a variety of Convenience stores, Garages and Post Offices. Details of outlets in the area are available at the Association’s office.
- Housing Benefit/Universal Credit – If a tenant is on a low Income or in receipt of certain benefits, they may be entitled to Housing Benefit or Universal Credit. Applications for both of these benefits are made online. Regular contact will be maintained with the local authority or DWP to deal with outstanding cases. Tenants will be encouraged to authorise payments of Housing Benefit/Universal Credit direct to the Association.
- Online Payments – the Association is continually looking to enhance its Digital business and has the option for tenants to pay on-line such as with Allpay, our Tenant Portal and eventually via our Customer App.
- Callpay – payment can be accepted over the phone using this method that links into the Allpay card payment option.
- Cash Payments – No cash payments will be accepted. However, in exceptional circumstances may be accepted which will require the approval of the Housing Manager and agreed with the Finance Section.

17.2 The Association will assist tenants in making and updating claims for Universal Credit. Where a tenant meets any of the criteria for an Alternative Payment Arrangement (i.e. the direct payment of Housing Costs from Universal Credit to the Association) we will apply for such a payment to be made.

## 18. Rent credits

18.1 Accounts for tenants and sharing owners will be monitored regularly not only for arrears, but also for overpayments.

18.2 Accounts should not normally be allowed to have a high credit balance unless agreed with the tenant/sharing owner. Credits will be refunded provided it does not create an arrears balance and that the account will remain clear on the date the next debit is raised.

18.3 Credit refunds must be approved by a Team Leader, Manager or Director depending on the amount involved. Approval limits in relation to credit refund approvals are shown below:

Amount	Authoriser
Less than £1000	Team Leader
Greater than £1000 and less than £2000	Housing Manager
£2000 and over	Director of Housing & Community Services

## 19. Tenancy transfer and mutual exchanges – tenancy debt

- 19.1 Transfer tenants may be suspended from the House Waiting List, and mutual exchange applicants refused permission to exchange, for tenancy related debt. Further details are provided in the [Allocations Policy](#) and [Mutual Exchange Procedure](#). In such cases, we will work with tenants to address tenancy related debt following the principles noted in the Policy above.