

POLICY SCRUTINY GROUP – 10TH JULY 2018

Report of the Head of Landlord Services Cabinet Lead Member – Councillor Mercer

ITEM 9 HOUSING INCOME AND FINANCIAL INCLUSION POLICY 2018-2021

Purpose of Report

To enable the Group to review the draft Housing Income and Financial Inclusion Policy 2018-2021.

Action Requested

To consider the proposed Housing Income and Financial Inclusion Policy 2018-2021, which is appended to the report.

Reason

To scrutinise the Policy in a timely manner in accordance with the Group's work programme.

Background

This Policy sets out the Council's approach to collecting rent and service charges, preventing rent arrears, and supporting its tenants through financial inclusion.

Maximising housing income collection is central to funding the Landlord Services function, the delivery of its services, and the investment in its housing stock. Ensuring that rent arrears are kept to a minimum also helps to sustain tenancies, prevent homelessness and maintain stable communities.

Promoting and supporting Financial Inclusion through the provision of information, advice, and support on money, benefits and debt to our tenants is an integral part of our current approach. It helps to ensure rent payments are met and financial stress is minimised for the Council's tenants. It is important that tenancies are sustained and tenants can thrive and feel financially included.

The policy principles around housing income collection have been endorsed by both the Charnwood Housing Residents' Forum and the Housing Management Advisory Board. The Policy has been developed with further references around financial inclusion.

Background Papers: None

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Charnwood Borough Council

Housing Income and Financial Inclusion Policy 2018 - 2021

**Draft Version 2.0
June 2018**

1. Introduction and executive summary

- 1.1 Maximising housing income collection is central to funding the Landlord Services function. Ensuring that rent arrears are kept to a minimum also helps to sustain tenancies, prevent homelessness and maintain stable communities. The housing income team is responsible for collecting rent on current and former Council homes, garages, shops and temporary accommodation provided for homeless people under part VII of the Housing Act 1996 (as amended). This policy deals with income collection for current tenants of Council dwellings but also includes the consequential effect of dwelling rent arrears if that tenant holds a garage tenancy.
- 1.2 Financial inclusion is about ensuring everyone has the opportunity to access affordable and appropriate financial services. Financial exclusion has been defined as ‘the inability, difficulty or reluctance of particular groups to access mainstream financial services.’ This means that financial inclusion is about having the skills and knowledge to make good financial decisions as well as the ability to access good products and services. Without this, people risk becoming socially excluded.
- 1.3 Promoting and supporting Financial Inclusion through the provision of information, advice, and support on money, benefits and debt to our tenants is an integral part of our current approach. It helps to ensure rent payments are met and financial stress is minimised for our tenants. It is important that tenancies are sustained and tenants can thrive and feel financially included.
- 1.4 This policy will be supported by clear operating procedures, standard forms and letters in order to achieve the objectives set out in section 2 below.

2. Objectives of this policy

- 2.1 The objectives of this policy are:

-) to maximise rental income to the Council’s housing revenue account from its current tenants;
-) to prevent and reduce rent arrears;
-) to have rigorous, firm but fair operating procedures to recover unpaid rent;
-) to act early in identifying tenants who are vulnerable¹ and who may be at risk from tenancy failure through non-payment of rent and to make all reasonable efforts to obtain clearance of a debt at the earliest possible stage, including supporting tenants to maximise their income through, for example, applying for unclaimed benefits;
-) to view eviction as a last resort in the majority of cases;

¹ For the purpose of this policy vulnerability is defined in its widest sense to cover not only tenants with disabilities but those with substance abuse issues, young people leaving care, people from abroad, people leaving prison, supported housing or other institutions, people who have experienced long periods of homelessness or chaotic living and those with high levels of debt and a history of failing to manage their personal finances.

-) to make all reasonable efforts to help prevent tenants being evicted from their homes through rent arrears by offering appropriate support from within the Council and through outside agencies at the earliest appropriate opportunity;
-) to operate our procedures in compliance with the Equality Act 2010 (and any successors), and the Council's equality and diversity policy;
-) to operate our procedures in compliance with the county court pre-action protocol for possession claims by social landlords and its successors;
-) to support tenants to maximise their income to sustain their tenancy;
-) to promote and support financial inclusion to ensure rent payments are met and financial stress is minimised for our tenants;
-) to support staff involved in delivering this policy's objectives in their professional and personal development through effective training.

2.2 While the overall emphasis of this policy is on arrears prevention, arrears recovery and tenancy sustainability, it has to be recognised that on occasion this will not be sufficient and that, regrettably, legal action will have to take place to recover the debt and this might, on occasion, have to lead to eviction.

3. Scope of this policy

3.1 This policy applies to all current tenants of Council-owned dwellings.

4. Policy statement

4.1 Prevention and Financial Inclusion

- 4.1.1 Work to try to prevent rent arrears from accumulating, including a pre-tenancy assessment, should start before the start of a tenancy. We recognise that our tenants may be among the most disadvantaged and excluded in the Borough and very likely to be reliant on state benefits for their income and for whom support at this stage will be crucial. In terms of rent payments, advice, information and, if appropriate, support will be given at housing application stage. The Council will explain the tenant's responsibilities and the consequences of accumulating rent arrears.
- 4.1.2 That information, advice and support will be repeated and built upon when the tenant signs up to their new tenancy. Included in that will be a clear explanation of the differences between an introductory and secure tenancy, not only in terms of the fewer rights enjoyed by an introductory tenant but also the increased powers and ease of the landlord to evict an introductory tenant against a secure tenant. A similar process will also take place with tenants signing up for a non-secure tenancy where the Council is providing temporary accommodation in fulfilling its statutory homelessness and homelessness prevention duties.
- 4.1.3 Unless it is considered unfair and unreasonable to do so, new tenants will be requested to pay at least one week's rent when signing up for their tenancy.

- 4.1.4 The signing-up process will include assisting the new tenant to complete an application form for housing benefit and/or universal credit.
- 4.1.5 The tenant's responsibility to pay their rent will be repeated and reinforced at the new tenant visit, which is carried out within the first four weeks of the new tenancy's start date. This includes stressing their responsibility for ensuring rent is paid even if it is paid by a third party, for example, in the form of housing benefit.
- 4.1.6 Referral to the tenancy support and/or financial inclusion teams may be made

-) during the stages before sign-up;
-) at sign-up;
-) during the early weeks of the new tenancy;
-) throughout the life of the tenancy

if vulnerabilities are identified where intervention and support might prevent arrears accumulating in the first instance, help reduce and clear them once accumulated or help reduce the risk of their recurrence. Financial inclusion support may also be offered to tenants who are not in arrears but who have been identified as being at risk from accumulating arrears through low incomes that might be enhanced through intervention and support from that team.

4.2 Recovery

- 4.2.1 Work to recover rent arrears will begin at the earliest stage, mindful of any outstanding benefits to be paid such as housing benefit or universal credit. Every effort should be made to establish eligibility for benefits and take into account the possible effects of changes in benefits.
- 4.2.2 Recovery work will always be on the principle that small debts are easier to recover than large debts, that every large debt was once a small debt and that we aim to prevent rent arrears at the very earliest stage.
- 4.2.3 While our position with small debts is that they should be cleared in full, we are realistic in acknowledging that, for many, that is not possible and affordable and reasonable arrangements will be offered where appropriate to clear the debt in instalments.
- 4.2.4 Throughout the recovery process we will comply with operational procedures at all times in order to provide a fair and equitable service. The approach taken will be suitably tailored where appropriate depending on the individual's circumstances and vulnerabilities.
- 4.2.5 We acknowledge that, despite our best endeavours, some tenants will not clear their arrears and we will have to start legal action to recover the debt. Legal action might, in a small number of cases, lead to the re-possession of someone's home.

- 4.2.6 If a tenant is being paid universal credit and is in rent arrears we may, where we consider the circumstances to merit such action, apply to the Department of Work and Pensions (or its successors) to have a sum deducted from their universal credit and paid to us directly.

4.3 Legal action

- 4.3.1 When non-legal² attempts to clear or reduce rent arrears have failed and operational procedures require, the various stages of legal action will be started. These stages comprise, but may not be limited to:

-) service of notice of possession proceedings for introductory tenancies; or
-) service of notice of seeking possession for secure tenancies; or
-) service of notice to quit for non-secure tenancies³;
-) applying to the county court for possession proceedings;
-) applying to the county court for a money judgment through small claims court action for small, static and persistent arrears;
-) being granted a mandatory possession order for introductory tenancies;
-) being granted a suspended possession order for secure tenancies;
-) being granted an outright possession order for secure or non-secure tenancies³;
-) being granted a money judgment with or without a possession order;
-) applying to the county court for permission to apply for a warrant of eviction for suspended possession orders on secure tenancies;
-) applying for a warrant of eviction for introductory tenancies and outright orders on secure and non-secure tenancies;
-) enforcing a warrant of eviction.

4.4 Tenants with garages

- 4.4.1 In recognition that dwelling rent is the priority debt and we need to support tenants in meeting their priority debts over other debts, tenants renting a garage from us will not be allowed to keep their garage if:

-) they have a persistent, static, debt that they will not clear despite repeated attempts by us for them to do so;
-) they have been served with a notice of seeking possession or a notice of possession proceedings [introductory tenant] **and** when no

² By 'non-legal' we mean any action taken before a notice of seeking possession or, in the case of introductory tenants, a notice of possession proceeding is served.

³ tenancies created in the Council fulfilling its statutory duty to provide temporary accommodation through homelessness legislation

- satisfactory agreement to clear the debt has been entered into by the time we are able to file possession proceedings;
-) they have an existing possession order that is not being complied with.

5. Performance monitoring, target-setting and reporting

- 5.1 In pursuit of objective 2.1 – 2.2, annual targets will be set on a team and individual basis and in relation to performance indicators in 5.2 below.
- 5.2 We will monitor performance in relation to rent arrears and against any targets set at a team and officer level, including the following indicators:
 -) rent arrears expressed as a percentage of the annual rent debit;
 -) rent collected expressed as a percentage of rent due, with and without arrears brought forward;
 -) rent arrears by bandings in order to show the aged spread of the debt.
- 5.3 We will report performance, both internally and externally, in accordance with Council policy and procedure.
- 5.4 We will compare our performance with that of other organisations and we will seek to identify and implement excellent practice in rent arrears prevention and recovery.
- 5.5 We will continue to develop the service and seek best practice on the use of financial inclusion initiatives to ensure that tenants are fully supported. Key actions arising from this work will be included in our service plan for monitoring and implementation.

6. Multi-agency and team working

- 6.1 Income collection and debt reduction will be more successfully managed if there are effective relationships with other teams and agencies. We will strive to foster and nurture excellent relationships with such teams and organisations that include (but are not limited to):
 -) The Department of Work and Pensions;
 -) The revenues and benefits teams;
 -) The housing needs team;
 -) The tenancy management and support teams;
 -) External support agencies such as The Bridge and Citizens' Advice Bureau.

7. Training and development

- 7.1 We recognise that in order to achieve the objectives of this policy, staff must be suitably trained and that continual professional development is of benefit not just to the individual but to the Council also. This will be achieved by a

variety of methods, including:

-) effective induction training for new members of staff;
-) peer-to-peer mentoring;
-) job shadowing;
-) internal briefings on matters such as legislative changes;
-) internal and external refreshment training;
-) individual attendance at conferences, seminars and other external training events where there is a clear and direct benefit to the individual and the Council in respect of delivering the objectives of this policy.

8. Reviewing this policy

- 8.1 This policy will be reviewed every three years or if legislative, regulatory or corporate policy changes require an earlier review.

9. Policy responsibility and accountability

- 9.1 Responsibility for this policy and its associated operating procedures lies with the Head of Landlord Services.

10. Other policies and legislation

- 10.1 The following policies need to be taken into consideration in respect of this policy;

-) Equality and diversity policy;
-) Tenancy policy;
-) Tenancy support policy;
-) Anti-social behaviour policy;
-) Allocations policy;
-) Customer service policy.

- 10.2 Similarly, this policy has been created and should be implemented in conjunction with legislation including but not limited to:

-) Housing Act 1985;
-) Housing Act 1996;
-) Housing And Regeneration Act 2008;
-) Equality Act 2010;
-) Localism Act 2011;
-) Housing and Planning Act 2016;
-) Homelessness Reduction Act 2017