

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 in all forms, alongside the collection of service charges, garage rents, former tenant arrears and leaseholder charges. It is imperative to the continuation of 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 aligns with the RMBC corporate debt policy.

The approach aims to 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. This approach operates in a customer centric service with the aim to sustain tenancies and achieve a high collection rate to ensure the HRA business plan and Financial Inclusion framework can be successfully delivered. The framework is applicable to all types of tenancy the Council manages; secure, introductory, fixed term, non-secure, temporary accommodation, 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 will do everything possible to prevent discrimination against individuals and groups because of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy, and maternity.

2.0 Aims

The aims of the Housing Income and Financial Inclusion team are centred on the main corporate vision and one Council approach:

- Every child able to fulfil their potential
- People are safe, health and live well
- Every neighbourhood thriving
- Expanding economic opportunity
- A cleaner, greener local environment

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 to ensure we support our customers and provide added value to them. The ultimate objective is to ensure tenancies are sustainable and are thriving through multiple generations.

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 appropriate support 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 is imperative to enable the delivery of all aspects of housing management and support wider corporate aims and objectives. 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, as well as supporting wider corporate aims such as the new Council house building programmes.

Changes to the Welfare system including the under-occupation charge (commonly known as the bedroom tax) alongside the benefit cap has meant collecting income is becoming increasingly difficult. This difficulty has more recently been exacerbated by the cost-of-living crisis and rising costs of energy.

This framework aims to provide an overview of the approach to collection and support available for customers experiencing financial difficulty 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 there is a minimum of two 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 give an opportunity to come to an arrangement to clear their 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 the Pre-Tenancy Service will ensure an affordability check is carried out, providing advice on maximising income if applicable. This is to ensure our customers, if not already, become financially resilient with careful consideration given to any vulnerabilities and additional support needs to ensure the tenancy is sustained.

For all new customers the wider service will look to:

- 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 or manual payment using their rent card.
- 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.
- Promote the Housing online portal to ensure that customers can self-serve and maintain a full overview of the account situation at any one time.

Universal Credit

Universal Credit has meant the collection of income has become increasingly difficult. To mitigate this the Council has developed and maintained 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 in instances where legal action is being considered. The service, where required will look to hold multi-agency meetings through the Advice in Rotherham partnership group 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 customer's Universal Credit's housing costs to be paid direct prior to entering a case into court. The Council are committed to this approach where possible, to receive rent plus an appropriate amount towards the rent arrears, ensuring legal action be avoided.

It is recognised that approaches need to be tailored to customer specific 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. Customers will be given sufficient time to resolve any issues that arise, receive further support where they are struggling with any 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 several ways; including letter, telephone (including evenings and weekends), visit, text, and email. The Council will ensure all relevant legislation, including within the pre-court action protocol, is adhered to and attempt to look for any alternative dispute resolution where appropriate.

Wherever District Heating charges are applicable the service will look to seek up to date meter readings to ensure the 'real time' position of the account. At this stage if there is relevant credit to be applied then legal action will cease with further investigation carried out. There will be a clear and accountable chronology of the work done, with the relevant 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 to remedy the situation. The service will 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 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

When looking at court and eviction referrals decisions are not only consigned to the Housing Income team, but feedback and checks are also sought from 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. Feedback or recommendations from the above teams are considered and where appropriate to the case will be acted upon, any subsequent decisions are made with their input. The Housing Income and Financial Inclusion Team look to conduct multi-agency meetings where there is a vulnerable adult or child to ensure every concern is addressed to sustain the tenancy. Only as a last resort will an eviction be authorised. Where an eviction has been agreed, the Housing Solutions (Homelessness) 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 and associated (internal and external) partners, so it is always taken as a last resort. In line with the performance framework in place, the work of everyone within the income recovery team are regularly audited by their line managers, with this practice conducted at all levels.

Auditing

The internal audit team will ensure the Housing Income team are held accountable for any decisions, practices, and performance. This will include a comprehensive auditing report being compiled annually that looks at all aspects of the team and is then rated on a scale of substantial assurance to none, with a list of recommendations if necessary.

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 accounts, budgeting, and maximising income. Whilst providing holistic support the service will look to identifying wider support needs and

facilitating referrals to internal and external partners who can provide intensive and sustained ongoing support if required.

There are two mandatory referral points within the recovery process to ensure any customer potentially facing court action will be supported and have the opportunity to work with the tenancy support team. The referrals can be made via internal and external agencies at any point in the process, irrespective of whether there is a debt or not. The aim of the service is to provide anyone who would benefit from a referral to receive the support that they need.

Tenancy Support Officers identify all new tenants who have a Universal Credit claim and assist customers with the transfer of their housing costs. 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 proactive nature ensures customers stay on track with their accounts, any debt is therefore 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, guiding customers through the obligations of their tenancy as well as facilitating any additional support needs for the customer right from the onset 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 related benefits
- Money and Benefits advice service, 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)
- Employment solutions to assist residents into education, training, and prolonged employment in all its forms.

4.3 Refunds

Where a customer has a credit on their rent account the Council use an automatic process called 'Credit Spreading' to distribute the credit to other associated accounts that may be in debt. Other associated accounts could be court costs, garage rent or tenants contents insurance. When the other accounts are paid in full, money left over will remain as credit on the current main rent account.

Credit is used to pay off debts in the following order:

- Main current account
- Current garage / garage site account
- Current Insurance
- Current court costs
- Former tenancy arrears - Debts will be cleared from the oldest former tenancy first through to the most recent, in the following order:
 - Main Former tenancy Account
 - Former garage / garage site
 - Former Insurance
 - Former Court Costs

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.

We aim to refund within 14 days of receipt. Refund requests must be submitted via the Housing Income Support team in various methods which include online and via the Housing management system. Refunds can be issued by bank transfer, cheque or to the card by which the payment was made.

It should be noted that customers must be always one week in credit on their account, therefore the difference between the credit and one weeks' rent will be issued.

4.4 Bankruptcy and Debt Relief Orders

Where the Council receive official notification that a customer has been declared bankrupt, any debt that is declared will be written off.

Where the Council 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. Customers will be made aware that there is an ongoing duty to pay their contractual rent after the dates specified and will be subject to potential arrears processes in line with this.

4.5 Breathing Space

The Government launched the Breathing Space scheme on 4th May 2021. The scheme allows residents in England and Wales seeking debt advice a 60-day pause on interest, fees and enforcement action. In relation to rental debt, a tenant must not be pursued for the outstanding balance for the duration of the Breathing Space, however, the ongoing rent liability must be met.

A robust process is in place to ensure that tenants whose rental debt has been entered into a Breathing Space scheme have a clear identifier on the account, stating the beginning and end of the scheme. A separate record is kept for all RMBC tenants who have been entered into the scheme, with information such as name, address, outstanding balance, the dates of scheme collated and as such regularly monitored. This ensures any tenant under the scheme is excluded from the recovery process but at the same time monitored for the ongoing rent liability.

4.6 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.

All customers are notified annually of their rent charges 28 days in advance of any change and can review these via the Housing online portal which is readily available upon registration.

4.7 Monitoring and Review

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

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

The Head of Housing Income and Support Services will be accountable for the framework with the Housing Income Manager and Income Recovery Team Leader being responsible for the maintenance 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 the previous year's performance and with due regard for upcoming challenges, in particular welfare reform, cost of living issues 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, with the same conducted via a Northern benchmarking group to evidence progression against local and national peers.

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, with the service looking to reduce this year-on-year, excluding legislative bans; they form a key performance indicator for the service and in particular the Financial Inclusion team who focus on preventing these. With tenancy sustainment being a key theme throughout the Council, the reasons for tenancies ending are monitored and the Council operate a wider, joined-up approach looking at the reasons and taking steps to minimise these 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.

<u>Performance Indicator</u>	<u>Indicator Description</u>	<u>Target 2023/24</u>	<u>Outturn 2023/24</u>	<u>Target 2024/25</u>
ACH76	Rent Collected as a percentage of rent due (excl. arrears brought forward)	99.05%	100.24%	99.52%
ACH76b	Rent collected from current and former tenants as a percentage of rent due (including arrears brought forward)	92.47%	98.51%	98.72%
ACH77	Rent arrears as a percentage of rent debit (current)	2.34%	1.80%	2.60%

ACH77b	Rent arrears as a percentage of rent debit (former)	3.07%	2.94%	3.33%
Evictions	The Council will aim to reduce evictions year-on-year as highlighted above	N/A	21	N/A

The following performance information is collected and reported on in relation to financial inclusion.

Performance Indicator	Indicator Description	Target 2023/23	Outturn 2023/24	Target 2024/25
FI1	Amount of additional welfare benefits sourced (IPT)	£1,088,040.00	£1,344,188.00	£987,900.00
FI2	Amount of additional welfare benefits claimed (Tenancy Support)	£266,844.00	£455,548.46	£381,696.00
FI3	Number of tenancies sustained at 6 months after TSO intervention following threat of eviction	36	41	36
FI4	Customer Satisfaction with (IPT and TSO) provision (when case is closed)	95.00%	100.00%	95.00%
BMA1	Number of appeal referrals	N/A	N/A	480
BMA2	Number of Macmillan referrals	N/A	N/A	660
BMA3	Number of Money Advice referrals	N/A	N/A	480
BMA4	Number of appeals	95	93	240
BMA5	Number of successful appeals	67	70	192
BMA6	Amount of additional income gained for residents through claims and	N/A	N/A	£108,000

	appeals (Appeals Team)			
BMA7	Amount of additional income gained for residents through claims and appeals (Macmillan)	N/A	N/A	£114,000.00
BMA8	Amount of additional income gained for residents through claims and appeals (Appeals Team)	N/A	N/A	£134,400.00
BMA9	Amount of additional income gained for residents through claims and appeals (Macmillan Team)	N/A	N/A	£114,000.00
BMA10	Value of debt dealt with on behalf of service users (money advice)	£510,014.49	£1,043,435.09	£780,000.00
BMA11	Value of additional income generated through debt advice	£43,736.71	£35,856.38	£36,000.00

6.0 Definitions / Glossary of terms

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 money as 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
- RMBC Corporate Debt Policy
- RMBC Financial Inclusion Framework 2023/24

8.0 Policy Control Statement

The Head of Housing Income and Support Services is responsible for ensuring adoption of, and adherence to this framework and its associated procedures.

The Housing Income Manager 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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