



Income Management Policy

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Dérive
Salford

1.0 Introduction:

- 1.1 This policy establishes Dérive's commitment to an efficient and effective income management service that maximises the income due and collectable from rent, service and other charges in a manner that considers the policy outcomes and wishes of Dérive.
- 1.2 The policy applies to all of Dérive's properties, and covers all current and former customers where they pay or were contracted to pay rent, service or other charges.
- 1.3 "Dérive" is a term which includes any agent operating on behalf of Dérive who will follow this policy. In certain contexts the specific agent roles are mentioned to assist in implementation. Appropriate performance monitoring procedures to deliver the policy are attached in the annex.

2.0 Aim / Purpose of the Policy:

- 2.1 Dérive aims to minimise outstanding debt. The key objective of this policy is to manage Dérive's income effectively and keep debt to a minimum to ensure the continued financial viability of the organisation.
- 2.2 This income management policy aims to reflect good practice and meet legal and regulatory requirements at all times. Dérive will continually monitor good practice and statutory and regulatory requirements. The procedures will take account of the Pre-Action Protocol for Possession Claim for rent arrears.
- 2.3 Dérive recognise the need to help people avoid getting into financial difficulty and sustain their home and tenancy. Dérive will 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, Dérive will take appropriate legal action to repossess the property.

3.0 Income Management:

3.1 Rent and charges:

- 3.2 Customers will receive clear information regarding any charges they need to pay in respect of their tenancy agreement. This will include the frequency of the charge, the amount they need to pay and the reason for the charge. It is the responsibility of customers to ensure that they are able to pay the rent and related charges. As an ethical landlord, Dérive does not wish to "set up customers to fail" and post allocation and during their tenancy, should their circumstances change or they are having financial difficulties, Dérive will undertake appropriate actions to support customers.

3.3 Payment methods:

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

3.5 **Frequency of payments:**

3.6 Rent charges for properties, support charges and service charges are due weekly in advance. It is acceptable to pay multiple weeks in one payment, as long as that the payment is made before the rent and other charges are raised. Where cases are awaiting Housing Benefit or Universal Credit, Dérive 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.

3.7 In recognition that some customers may require additional support to access welfare benefits they may be entitled to, Dérive will provide appropriate advice where needed, including signposting to external agencies.

3.8 Dérive will identify court costs, rechargeable repairs and other service charges and costs separately and will pursue these debts in accordance with the hierarchy of debts (see below).

3.9 **Statements:**

3.10 Customers can obtain a statement of their account at any time either by logging on to their online account or by requesting a statement through the call centre.

3.11 When a customer feels that Dérive has made a mistake and their statement of account is incorrect, Dérive will investigate the situation and provide a detailed response explaining why any error occurred, or if the statement is correct, the reasons why. Where appropriate, Dérive will provide a revised statement showing any corrections.

3.12 **Changes to charges:**

3.13 Dérive will inform customers of changes to rent and other charges at least one month before these changes come into effective.

3.14 **Overpayments:**

3.15 Dérive will refund all overpayments of charges within 28 days of identification following an agreement between Dérive 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 Dérive or overpayments of welfare benefits.

4.0 **Tenancy Sustainment:**

4.1 **Financial inclusion:**

4.2 Dérive will promote financial inclusion through links to credit unions, banks and other affordable credit options. Dérive may refer customers in arrears to the appropriate

agencies, at the Council (Welfare Rights and Debt Advice or equivalent) or to specialist debt counselling agencies.

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

4.4 **Prevention of current tenants arrears:**

4.5 To prevent arrears and instill a payment culture, Dérive will support new customers. At the sign up stage Dérive will:

- Communicate to the customer their responsibility for rent payments including making and progressing claims of Housing Benefit or Universal Credit, and for ensuring that rent and other payments are being made regularly and on time.
- Outline the range of payment methods available and identifying the most appropriate method for the individual.
- If the applicant is working, request the first two week's rent payment up front.
- Explain the information on statements of account.
- Offer assistance to complete Housing Benefit or Universal Credit applications.
- Estimate income and calculate welfare benefit entitlement.
- Encourage customers to sustain a payment agreement plan with set frequencies.
- Offer a 'benefits health check' to ensure that customers are claiming all the sources of income they are entitled to.
- Outline the range of support options for customers experiencing difficulties in paying rent and other charges.
- Make customers aware of the range of local debt and welfare advice agencies.
- Make it clear to customers that whilst support will be provided, non-payment of rent is taken very seriously and may lead to action that could result in them losing their home
- Identify housing support needed to sustain their tenancy and where support is not already in place or a condition of the tenancy, encourage the customer to take up an appointment to assess possible support needs.
- Inform customers of non-dependent deductions.
- Inform customers they need to tell Dérive and any other relevant agencies, about changes in circumstances which may affect rent due and welfare benefit entitlement.

4.6 **Housing Benefits / Universal Credit:**

4.7 Dérive will work 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 Dérive to liaise on their behalf to facilitate this.

4.8 Dérive will assist new and existing customers to complete Housing Benefit / Universal Credit and other welfare benefit claim forms.

4.9 Customers will be encouraged to authorise direct payment of Housing Benefits to Dérive.

5.0 Debt Management and Legal Action:

5.1 Hierarchy of debt:

5.2 A customer may have more than one payment account with Dérive, for example if they have court costs, and/or rechargeable repairs.

5.3 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 arrears
- Court costs associated with legal action to recover rent arrears
- Rechargeable repairs
- Other service charges
- Other management charges
- Former tenant rent arrears

5.4 Recovery of current tenants arrears:

5.5 Dérive recognises that occasionally customers may have financial difficulties and be unable to pay their rent or other charges due. In these cases, Dérive will adopt a firm but fair approach to arrears recovery, offering all customers clear, practical and affordable repayment plans.

5.6 Dérive will make contact with 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 Dérive can provide. Dérive will use methods of contact appropriate to the individual customer.

5.7 Where the customer cannot afford to clear their arrears Dérive will work out an affordable repayment plan.

5.8 Dérive 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, Dérive can take action that could result in the customer losing their home.

5.9 Legal Action:

5.10 Dérive will seek to maintain and sustain tenancies. Dérive's agent 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. Dérive will always make clear to customers that non-payment of rent and other charges could result in Dérive taking action that may lead to the loss of

their home. Dérive will not make threats of legal action where there is no intention to proceed.

5.11 Dérive will adhere to the appropriate policies and procedures to encourage pre-action contact between parties prior to court proceedings.

5.12 Dérive will provide copies of all legal documents to all customers named in the tenancy agreement. Where a tenancy is sole, Dérive 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.

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

5.14 **Use of Ground 8 for Possession:**

5.15 All Dérive tenancies will have a Ground 8 Possession clause. In determining when to use Ground 8, Dérive 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.

5.16 Dérive will consider using Ground 8 when all the following apply;

- Arrears levels are at an inappropriate 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.

5.17 'Refusal to engage' includes the complete or persistent failure to co-operate with Dérive representatives, complete or persistent refusal to meet with Dérive representatives, or complete or persistent failure to respond to communications with Dérive representatives.

5.18 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 Dérive 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.

- Dérive believes that the arrears have been caused by benefit claim processing delays.

5.19 Writing off current tenants arrears:

5.20 Dérive will not write off current tenants' arrears.

5.21 Prevention of Former Tenants' Arrears (FTA's):

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

- 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 Dérive always has a forwarding address for debtors moving elsewhere, along with their employment, National Insurance details and details of their next of kin.
- 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.
- Wherever possible, reducing the number of evictions taking place for reasons of rent arrears, and where it is ultimately necessary, ensuring that the level of debt is not allowed to reach an unreasonably high level.
- Ensuring that any Former Tenant Arrears (FTA) 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.

5.23 Recovery of Former Tenants' Arrears (FTA's):

5.24 Dérive will initially attempt to recover FTAs 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.

5.25 In the first instance, Dérive 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. Where agreement cannot be reached, or an agreement is made but subsequently broken, Dérive will seek to recover debts through a number of avenues, such as:

- Placing a tracing request with a tracing agency.
- Using a debt collection agency to recover debts.

5.26 Dérive will take decisions relating to court, tracing or debt recovery action on the level of the default/debt so as not to expend money with little or no prospect of recovery.

Dérive will not refer cases below £50 for exhaustive action. Dérive will apply in-house processes to these cases.

5.27 **Incentives to aid recovery of FTAs**

5.28 Dérive will offer an incentive scheme to encourage payment of former tenants' arrears.

5.29 **Value of debt and recovery**

5.30 The table below shows the parameters for Dérive representatives to operate in when seeking debt recovery

Value of debt	Action and recovery levels
£10 - £250	At this level Dérive agent's FTA officers have authority to negotiate settlements to achieve collection of a minimum of 50% of the debt.
£250 - £1000	At this level the FTA officers have the authority to negotiate settlements to achieve collection of a minimum of 50% of the debt. Should 50% not be achieved the Dérive agent's Income Managers are authorised to make settlements up to a limit of recovering a minimum of 25% of the debt.
£1000 +	At this level the FTA officers have the authority to negotiate settlements to achieve collection of a minimum of 50% of the debt. Should 50% not be achieved the Dérive agent's Service Director is authorised to make settlements up to a limit of recovering a minimum of 25% of the debt.

5.23 **Writing off FTAs:**

5.24 Dérive will write off FTAs if all attempts to trace a former tenant have failed and the tracing and debt collection agency recommend writing off the debt. Agents will seek Dérive 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 annex 4.

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

5.26 **Joint and several liability for a former tenant debt:**

5.27 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.

5.28 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).

6.0 Confidentiality:

- 6.1 Dérive will ensure the confidentiality of its customers and their circumstances when dealing with other agencies or individuals. Authorisation will be sought from customers before any information is shared with a third party. Dérive and its agents will work with partner agencies to develop information sharing protocols and joint working arrangements to facilitate this.



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