

BABERGH DISTRICT COUNCIL

From: Corporate Manager – Tenant Services	Report Number: R84
To: Strategy Committee	Date of meeting: 7 January 2016

THE HRA INCOME MANAGEMENT STRATEGY

1. Purpose of Report

- 1.1 To seek Strategy Committee's approval of the Income Management Strategy – Housing Revenue Account (HRA) 2015–2020 and the alignment of rent collection arrangements. The Joint Housing Board considered this matter at its meeting on 14 December 2015 and agreed the following recommendations.

2. Recommendations

- 2.1 That the Income Management Strategy – Housing Revenue Account (HRA) 2015-2020 (Appendix A) be approved.
- 2.2 That a 52 week rent collection arrangement for Babergh tenants, which brings the policy in line with Mid Suffolk, be adopted.

The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 The Income Management Strategy has a key objective to maximise the amount of income collected from current and former tenants and to meet the full cost of the services tenants receive. The successful delivery of this strategy will ensure our services remain efficient, high quality and deliver best value for customers.

4. Legal Implications

- 4.1 There are no legal implications arising from this report

5. Risk Management

- 5.1 There is significant risk to the Council's HRA business plans if our Income collection performance falls below agreed levels. The establishment of this Income Management Strategy is a vital component of our approach to protecting this income stream and for managing the risks of a new and very different welfare environment.

6. Consultations

- 6.1 We have been discussing the new Income Management strategy and the changes which are necessary to align rent collection policies within the two Councils for some time.

6.2 Our consultations have been varied and have included internal discussions with staff, external advice which has also provided us with an insight into the thoughts and actions which other social landlords as well as consultation with our Tenants Forum. We also convened a “task and finish” group comprising of tenants to consider some of the operational aspects of the new policy. The Joint Housing Board as well as Management Board received presentations on the importance of our income collection responsibilities as well as the changing welfare environment.

7. Equality Analysis

7.1 There is not a formal requirement to undertake an Equality Impact assessment as part of the adoption of the Strategy.

7.2 We will consider Equality Impact Assessments as part of any proposed changes to our policies and procedures when developing the pledges that form our Strategy

8. Shared Service / Partnership Implications

8.1 The Strategy will establish a common approach to the income collection process and protocols for both Councils.

9. Key Information

9.1 The efficient collection of council house rental income, service charges and associated debts is the essential foundation for a successful and ambitious housing service. This income allows us to agree our forward plans for investment in our housing stock and to develop a new build strategy which increases much needed housing supply.

9.2 The processes involved in income collection are relatively straightforward. We either receive income from those who can afford to pay in an agreed format, for instance a direct debit, or in the case of those on a low or benefit derived income we receive payments direct from the Shared Revenues Partnership. When tenants can't or won't pay we have arrangements for reminding and encouraging them to clear their arrears. When all else fails, we have sanctions for recovery through the Courts. These are arrangements of last resort.

9.3 We don't assume that we will be able to collect 100% of the charges we set. Not all of our homes are occupied for a whole year, we incur other losses, for instance because of damage to our homes and we have a small minority of tenants who are in arrears. Any risk to this income must be managed and our new Income Management Strategy is the mechanism by which we will do so.

10. The introduction of Universal Credit

10.1 Significant future changes to the benefit system, particularly the introduction of Universal Credit need to be understood and developed as part of our strategy. Universal Credit marks a notable change in our customer relationship because it brings to an end the association, and the certainties, of the familiar Housing Benefit administration arrangements around which rent payment and collection systems have been designed and delivered for a generation.

- 10.2 This means that the predicated sum of income that has traditionally been paid directly to us as a landlord in the past that in the future will be paid directly to those customers in receipt of Universal Credit. This is nearly 50% of the total income, some £16m, both Councils receive each year.
- 10.3 Universal Credit therefore is the beginning of a new and as yet largely uncharted history in customer-landlord relationship. Our new strategy is key to defining both the practical things we need to do but also some cultural changes which are necessary to ensure implementation of the new arrangements run smoothly.
- 10.4 The new strategy establishes four key objectives:
- Predict:** This will provide a focus on how we predict and identify tenants who are financially vulnerable and therefore how we target our support and intervention.
- Prevent:** This is about how we intervene at the earliest possible stage to avoid arrears and ensure we provide the best and most appropriate ways to pay on time.
- Manage:** This ensures our arrears process is effective and can manage the changes which will result from the introduction of Universal Credit.
- Recover:** This helps us to manage and recover arrears (both current and former debts) in a timely and cost effective manner.
- 10.5 The Committee is also asked to note that the strategy will need to evolve and adapt as we learn more about how these changes affect us. We will keep the Board aware of any significant impact and also ask that they endorse changes so that officers can explore and implement new opportunities as they become available.

11. Payment Collection Periods

- 11.1 Whilst the strategy establishes our new direction, we need to resolve a single policy issue that sets the two Councils apart.
- 11.2 In Mid Suffolk we collect rent over 52 weeks of the year and in Babergh the collection is based on a 48 week period. Tenants from both Councils pay the same amounts over the whole year. However, Mid Suffolk tenants because their payments are made over 52 week pay a little less than their Babergh counterparts.
- 11.3 Having two different policies is unhelpful because the rent service is managed by an integrated team, using an identical operating system and with a clear aspiration to work to our new single strategy. More importantly, there is a national discussion taken place with social housing providers about which system best fits the new Universal Credit arrangements with nearly all indicating that these systems should match the monthly payment schedule set out by Universal Credit.

11.4 It has become clear that the way we charge Babergh tenants for their rent does not fit in very well with these arrangements. We believe bringing Babergh in line with Mid Suffolk which already charges over 52 weeks is the most appropriate decision to recommend in these circumstances.

We ask that the Committee approves these changes recognising that we will need a clear communication plan in place to justify these changes and to address any reputational risks.

12. Appendices

Title		Location
Appendix A	Income Management Strategy – Housing Revenue Account (HRA) 2015-2020	Attached
Accompanying appendices		
Appendix One Appendix Two Appendix Three	Direct Debit Tenant Support Charter Pre Court Protocol Income Management Policy Supplement	Attached
Appendix B	Briefing note changes to non-payment weeks for Babergh Residents	Attached

Authorship:

Gavin Fisk
Corporate Manager - Tenant Services

gavin.fisk@baberghmidsuffolk.gov.uk
Tel: 01449 724969

K:\Governance\DOCS\Committee\REPORTS\Strategy\2015\070116 - HRA Income Management Strategy.docx

Income Management Strategy Housing Revenue Account (HRA) 2015 – 2020



The efficient and effective
management and collection of HRA
income in a changing world



Foreword

In view of the scale and nature of the continuing financial challenge, it is unsurprising that we turn our attention to the income side of balance sheets in order to maintain levels of service.

At a time of accelerating financial cuts and significant changes to housing and welfare policy, demand for services shows no sign of slowing down. Indeed, as austerity measures begin to impact on our residents, the demands placed on us to provide advice and support increases. Becoming ever-more efficient in the collection of income is clearly crucial. However efficiency or doing the same things better, can only take us some of the way. Effectiveness and doing better things, requires a different but complementary approach. Endowed with ensuring value for money, a return on investment along with a social return and emotional return on investment are clearly crucial.

As well as developing new approaches to income generation across many service areas, we must turn our attention to building a more comprehensively commercial approach to our HRA income collection activities. This is referred to in this strategy as our 'commercial head with a social heart'.

Our People Strategy talks of promoting an enterprise culture, in which colleagues feel empowered to take calculated risks, test and pilot new ways of working, challenge the status quo and are supported to 'have a go'. We know that dependency on public subsidy cannot be sustained and that our own resourcefulness is really the main tool upon which we can rely on to deliver the changes we need. If we are to achieve our ambition of building sustainable and resilient communities – we too must practice what it means to be self-sustaining and truly resilient.

Income generation activity however cannot be a means to an end. It has to align clearly with the Council's current five strategic priorities around housing delivery, business growth, community capacity building and engagement, assets & investments ('Income for Purpose'), and an enabled and efficient organisation.

Whilst not every income generation activity will attach explicitly to these five key aims, surpluses will need to be reinvested and realigned in line with these core priorities. In this way, we are enterprising on profit for purpose. We must add value through income generation, of doing more for less and preventing bad debt activities because we are focused on the top as much as the bottom line.

There are of course, barriers to income generation and it is important we continue to build confidence in the areas in which we have experience and a legitimate presence. Whilst alignment with housing development and growth is key – this strategy has to go much wider than that and drive social, place-based and environmental outcomes too. This means seeing income generation as an opportunity to regenerate parts of both districts, reinvigorate and re-purpose tired buildings and assets; tackle development sites and address the potential the private sector has been slow to recognise and respond to.

This strategy sets out a framework for direction that brings together enterprise and resources in ways which enable us to make a significant contribution to core purpose. We have a future heavily invested in its success.

[Insert Signature]

Jennifer Jenkins

Portfolio Holder for Housing

Babergh District Council

[Insert Signature]

Nick Gowrley

Portfolio Holder for Housing

Mid Suffolk District Council



Contents Page**Introduction and Background**

- Background – Rent Collection is everyone's responsibility – The cultural dimension 7
- Scope of the strategy 8
- Principles of the strategy 8

The Resident Relationship

9

- Our Commitment to Residents 10
- Tenancy Sustainability 10 -11
- Communication 11
- Customer Access 12
- Technology 12 -13

Culture & Efficiency

- Staff Culture 14
- Staffing 14 -15

Predict

15

- Affordability 16
- Credit profiling 16

Prevention – Chasing the £'s

17

- Bank accounts 17 -18
- Direct Debit 18 -19
- Payment Cards 19
- Introducing a Reward Culture 19 -20
- Financial Inclusion 20
- Working with partners 20 -21

Manage

- Low cost loans 21
- Rent Collection Year 21 -22
- Garage Arrears 22
- Payment arrangements 23
- Pre Court Protocol 23

Recover

- Sanctions 24
- Bad Debt 24
- Write Offs 24

Policy Monitoring & Review

- Monitoring 25
- Review 25
- Equality & Diversity 25

Appendices**Appendix One Direct Debit Charter****Appendix Two Pre Court Protocol****Appendix Three Policy Supplement**

1 Introduction and Background

Background - Rent Collection is everyone’s responsibility – The cultural dimension

The new Universal Credit system of welfare benefit disconnects social landlords from the familiar Housing Benefit administration arrangements around which rent payment and collection systems have been designed and delivered for a generation. It marks a notable and fundamental change at the centre of which is a new and as yet largely uncharted customer and landlord relationship. (See Figure 1)

Babergh & Mid Suffolk has £16 million reasons why this policy must be first introduced and then delivered. For this is the predicted sum of income that has traditionally been paid directly to us as a landlord in the past, that in the future will be paid directly to our residents who receive Universal Credit. This is nearly 50% of the total income (roughly £32m) that both Councils receive each year from income collection of rents. The need to change is imperative as the traditional income collection handbook is ‘thrown out the window’.

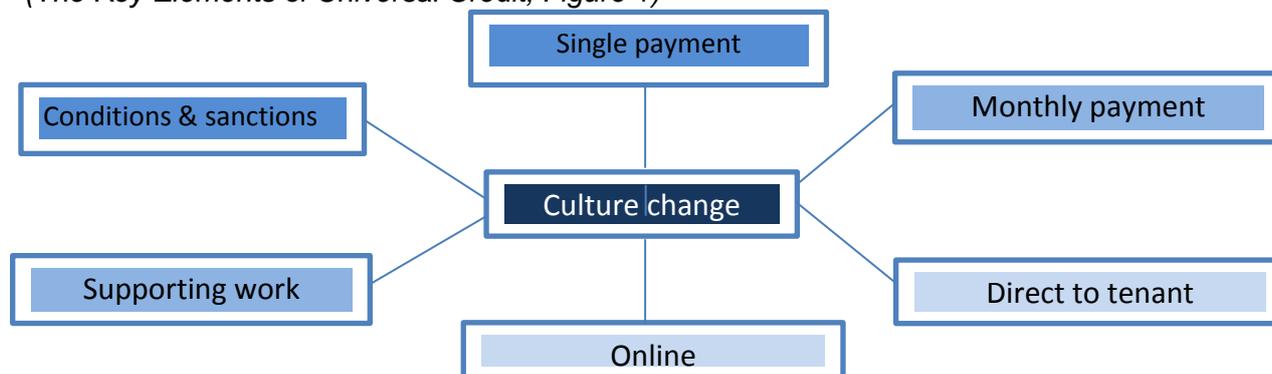
We must ensure the effective management of our HRA rent collection as this is crucial to our future financial viability. To safeguard its position we must endeavour to ensure that all rent payments are made in line with the formal obligations we place on our tenants.

We are committed to helping residents pay their rent or charges on time with those needing help and financial support receiving this before they miss a payment. If a resident does fall into arrears through financial difficulty, we will ensure the resident has had adequate opportunity to put things right, before we consider enforcement action. Tenancy sustainment is a key component of this strategy.

This policy has been created in response to the ever changing political landscape not simply on the dynamics of income collection. More so the cultural changes required by us as landlords to maximise opportunity, to be a social landlord with a ‘commercial head and a social heart’ and to ensure we are as efficient as we can be whilst continuously improving our service offer to our customers delivering a product and service that exceeds expectation.

This Income Management Strategy needs to evolve and adapt as the nature of collecting income continuously changes during the next few years. As a result the policy seeks to explore new opportunities as they become available, rather than being in place from April 2016 when this strategy is due to come in to effect.

(The Key Elements of Universal Credit, Figure 1)



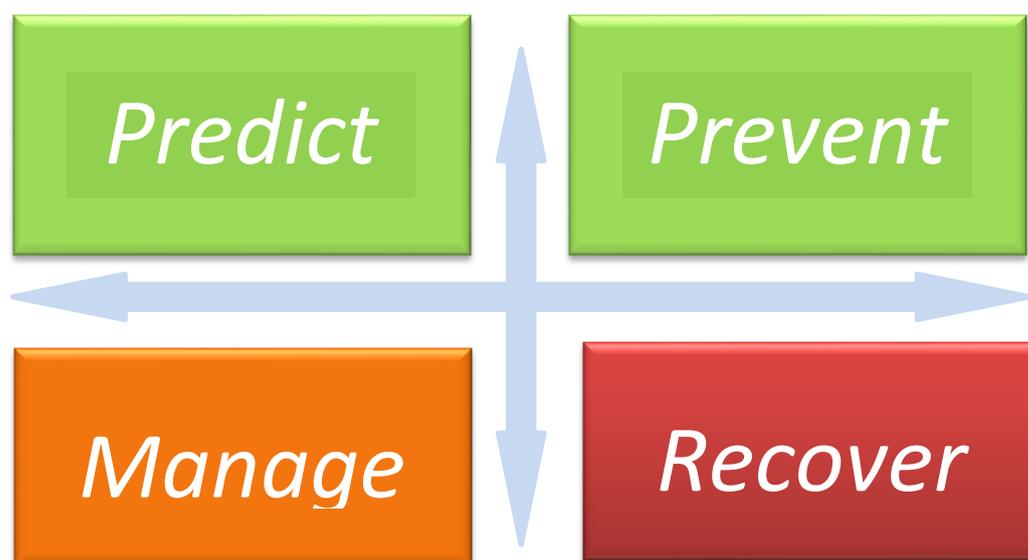
Scope of the Strategy

This strategy applies to the collection of:

- Current and former tenants rents and arrears
- Rechargeable repairs
- Garage rents and arrears
- Sundry accounts including court costs
- Service charges

Principles of the strategy

The strategy has been developed on four cornerstones that will underpin the organisations approach to the collection of HRA Income in the future.



Predict: A theme that provides a focus on our business to predict financial vulnerability and therefore targets support and intervention to our residents.

Prevent: A theme that provides the opportunity to intervene at the earliest possible stage to prevent arrears and to ensure we provide the support to ensure payments are paid on time. Reducing debt owed and arrears collection costs in turn.

Manage: A theme that ensures our arrears process is efficient makes use of technology and is ready for the implementation of Universal Credit which pays benefits directly to tenants.

Recover: A theme that ensures all arrears (current/former and sundry) are repaid in a timely way and at minimal cost to the Council.

2 The Resident Relationship

Residents currently have a range of beliefs and opinions when they consider the payment of rent. We know that for some residents who have traditionally had their full rent paid by Housing Benefits, that their perception is that 'they do not pay rent', and have no responsibility to do so. This is a change in culture the Government is trying to achieve with the introduction of Universal Credit.

Furthermore and more divisive is the view of a small minority of tenants who think those who do not pay rent should receive a lesser service.

We are aware that we need to implement a strategy which focuses on the following key principles:

- Our rental income needs to be visible in everything we do.
An example of this is that if a customer requests a repair to be carried out. At the same time as ordering the repair they should be signposted to any debt they may have to agree a repayment plan before the repair is ordered (except for emergency repairs). This is no different to entering a shop to purchase a product and paying for it before you leave.
- Every resident is aware they have a responsibility to pay and prioritise rent
- There is no difference between someone that pays their rent from an employed income or an unemployed income (Universal Credit, Housing Benefits)
- Every resident has a right to expect a good level of service as a result of making rent payments on time and in the prescribed way.
- Residents in financial hardship receive the appropriate level of support and advice to ensure rental payments are prioritised over other debts.
- It is everyone's responsibility to ensure the efficient collection of rent

We also know that we need to do more to understand our residents' capability to manage their money. For the majority, they manage their finances without difficulty or need help.

When someone does need help:

Our Pledge

We will explore opportunities to gain a detailed insight about our residents and their financial capability including;

- Information about opening a suitable bank account
- Residents who need practical help to open a bank account?
- Residents who need to be encouraged to open a bank account?
- Residents who need information about budget management?
- Residents who need help with budget management?
- Residents who may be at risk and in need of more intensive support?
- Highlight those residents that are 'financial vulnerable' which can result from a lack of mainstream financing

Our Commitment to Residents

The maximisation of our rental income and how we reduce our day to day operating costs is essential in maintaining a balanced and healthy Housing Revenue Account. We are committed to collecting all rent due currently in excess of £32,000,000 per annum, all other debts, former resident debt, rechargeable repairs, and service charges owed to the Council. To achieve this we will ensure the following:

- Residents' responsibility for paying rent is thoroughly explained to them at or before the signing of their new tenancy – With a focus on 'before' this could include discussions as early as registering for accommodation
- Signposting and support for vulnerable residents is in place as soon as possible to enable independent living and early intervention
- Rent collection & arrears procedures are understood, fair and are applied consistently by staff applying the Pre-Court protocol wherever necessary
- Upon receiving termination of a tenancy, the former resident will be notified of any debts or arrears they owe and how these can be paid.
- Our recovery procedures emphasise the importance of understanding the individual circumstances of our residents.
- Staff are trained to treat people with respect and professionalism.
- Our letters are designed to be helpful, respectful and informative, but also to give an accurate description of the situation and the consequences of no action by the tenant.
- We offer payment options to our residents that meet both our expectations and their needs.
- We are available to speak to our residents when the office is open by telephone, by email and by letter. We will also visit residents when requested.
- We will include details of our various payment methods on our standard letters and on other publicity. We will also keep statistics on the ways in which people pay their rent, which provides an intelligence of residents and their preferred payment methods.
- Eviction is seen as a last resort but where this is necessary; residents will be referred to our homeless team so that further advice can be provided.

Tenancy Sustainability

Providing our customers with the correct advice and support to pay their rent on time and manage their finances is vitally important to us collecting rent and other debts. Determining the level of support required and when this support will be provided will be reviewed for each resident in arrears.

Our Financial Inclusion team will offer detailed one to one support to our residents to help them claim Housing Benefit and Universal Credit, and to assess their entitlement to other welfare benefits.

Residents requiring support to manage multiple debts or apply for other welfare benefits will receive support and will be signposted to an appropriate support agency.

When tenants need support to sustain their tenancy:

Our Pledge

- Ensure all staff are trained in Safeguarding and will make appropriate referrals when required
- We will follow the Pre-Action Protocol for Possession Claims by Social Landlords (The protocol sets out the steps which the County Court will expect social landlords and tenants to take before initiating possession action and right up to the date of the court hearing)
- Ensure all income staff will be trained and developed in offering appropriate advice and support that exceeds expectations

Communication

We recognise that the right communication at the right time is vitally important to building a positive relationship with our customers. We will therefore maximise every opportunity we have across all our service areas to communicate the key messages in a way that is understandable, clear and concise, and does not use jargon.

A variety of communication methods will be developed dependent on the circumstances. This includes personal visits where necessary, telephone, letter, email, text message etc. Each method, and its appropriateness, cost, and effectiveness will be monitored and reviewed regularly.

Intelligent communication methods will be developed using 'Nudge theory' and behavioural insight. Such intelligence based approaches will utilise extensive profiling, data mining and segmentation tools. This will support us to encourage more self-service, easier access and exposure to wider service offers.

"Nudge theory (or Nudge) is a concept in behavioural science, political theory and economics, which argues that positive reinforcement and indirect suggestions (to try to achieve non-forced compliance) can influence the motives, incentives and decision making of groups and individuals alike, at least as effectively - if not more effectively - than direct instruction, legislation, or enforcement..."

A good example is how we review the specific wording on a letter to increase the number of existing residents using direct debt as their preferred method of payment. We need to tailor our approach so that it describes all the benefits that Direct Debit offers to the individual:

Our Pledge

- To review all forms of written communication regularly, using 'Nudge Theory' and behavioural insight
- To reduce the overall cost of communications to the organisation
- To use social media campaigns to help convey important messages
- To develop the use of text messaging to inform customers and reminders to pay
- To develop the ability to manage accounts and payments online

Customer Access

As the external environment changes around us, we will need to consider and adapt to the 24/7 world. Our website can support our customers during the day and when our offices are closed. Ensuring all information is up to date and allowing payments 24/7 is vital to those with internet access.

As our customer knowledge increases we will implement intelligence based rent collection and prevention of arrears. This will help us to reduce our transaction costs, and provide a more flexible service tailored to our tenants needs.

Universal Credit provides its own new set of challenges to rent collection and we need to continually monitor and review our processes to ensure we are efficient in the collection of rent and other charges.

To improve the way in which we address the challenges of Universal Credit:

Our Pledge

Review our website content to ensure the key messages within this strategy, including our on-line payment options, are easily accessible

Tailor our service to meet the changing needs and demands of our residents

Review arrears processes to ensure they are efficient and compatible with the collecting of rent, alongside the introduction of Universal Credit

New Technology

To ensure we are efficient in the collection of our income, whilst competing with the financial challenges we face due to austerity. We have to take advantage of every opportunity that new technology provides the ability to increase efficiency and reduce cost whilst improving our customer satisfaction. There would be an initial upfront cost, but the benefits should recover this cost and generate a saving during the lifetime of the technology.

This could be through 'Channel Shift', (encouraging people to pay on-line) through the use of technology.

Two such examples of the technology we will be exploring are 'Rent Trend' and 'Call2Collect'.

Managing low level rent arrears consumes staff resources, but regular communication and information can prevent and resolve many of the problems saving time and money. Rent Trend provides support for every stage of the rent arrears life-cycle from the initial arrears notification and agreement process, through to Notice of Seeking Possession and Court Proceedings.

It follows each stage of our rent arrears process with low-cost, automated, SMS (text) reminders which are the simplest and most effective method of progressing rent arrears.

Rent Trend would work with our Housing Management System, but also has intelligent features for tracking previous payment patterns in order to personalise the reminders residents receive at each stage.

It also offers mobile payment collection using an advanced SMS platform. With Universal Credit just around the corner, collecting payments immediately upon prompted by SMS text reminders would be invaluable.

The benefits for us could include:

- Residents are contacted automatically quickly and cheaply before arrears escalate
- Sending different tailored messages which are based on the residents payment history allows us to focus our interventions
- It will allow residents to be self-serving
- It will achieve time savings in staff time which will allow our resources to be directed to where they are most needed
- The system integration with our Housing Management Systems ensures systems are fully used
- It will support all stages of the arrears life-cycle giving us complete control
- 24/7 access to account information via simple SMS commands keeps tenants informed
- Messages can be sent in tenants' native language(s) automatically - improving communication
- Younger tenants find SMS more accessible
- It is far more cost effective compared to written communications

Call2Collect can be configured to contact residents when payments have been missed, sending an interactive request for payment that allows residents to connect to an adviser in person via the touch of a button and make arrangements to pay their rent. This automation helps to cut the amount of time our teams spend chasing payment and makes the whole collection process both more efficient and effective. <http://www.housingcontact.co.uk/>

To enhance the way we use technology:

Our Pledge

- We will investigate all new technological opportunities when they arise
- We will evaluate the cost benefit of each before developing our offer to residents

3 Culture & Efficiency

Staff Culture

At a time when we face continuous pressures on our income streams due to Government legislative changes (including the 1% reduction in rent between 2016 – 2020, the high value housing tariff, the introduction of Universal Credit and Pay to Stay), we turn our attentions to how staff have historically worked, evaluating how through efficiencies gained we can reshape and remodel our approach to the management of housing whilst ensuring we continue to strive to improve the levels of services and customer satisfaction.

This strategy recognises that all staff have to become aware the collection of income and its importance in maintaining service delivery is everyone's responsibility. This could include customer service staff discussing rent and arrears when coming in to contact with residents, Housing Officers taking payments (excluding cash) when in someone's home, or a tradesperson being able to signpost residents to our Income Team or Financial Inclusion Team when they have conversations with residents in their own homes or at least leave information behind for residents to consider.

We need to develop a "can do and will do" culture within the housing service where every conversation counts, where tenants are not passed around the service if they have an enquiry and which we all share the responsibility for maximising our income.

Staffing

Supporting our staff is vital to the success of this income strategy. It takes a skilled employee to establish who can pay and who can't pay. Through communication, negotiation, patience and resilience our staff are able to ensure rent is paid on time, and when necessary, debts repaid.

Austerity measures impacts on our tenants and can cause additional stress and anxiety when managing a budget on a low income. This stress is sometimes shared and placed upon our staff who need to be able to step back and not take it personally but handle with empathy.

As we change our approach to prevention and prediction we have new opportunities in how we handle arrears calls and provide early intervention and support. Our staff will need training and development of existing skills to embrace these changes.

Supporting customers to manage their own money and budget with Universal Credit payments will be a new challenge to our staff.

To support and develop our staff:

Our Pledge

To develop all staff to be aware of the importance of collecting income, how they can 'play their part' and the impact (positively or negatively) their behaviour, attitudes and actions can have on our business

When required, training will be provided on new technology, negotiation, obtaining factual information on financial circumstances, supporting customers with income & expenditure and handling difficult calls

A competency based approach will be developed dependent on an individual's role and responsibilities

4 Predict

In order for us to manage the collection of income efficiently, we recognise the opportunities to become much smarter, with limited resources both in terms of available budgets and the number of staff managing income collection. We will explore opportunities that may allow us to deploy resources more efficiently, and to support our ability to predict financial vulnerability and therefore target support and intervention.

Financially vulnerable residents can often pass under the radar and suffer quietly for too long, leading to them being left unsupported. A resident usually hides multiple debts due to embarrassment or worry. It's not yet clear how the continued roll-out of Welfare Reform will affect these issues; however putting plans in place now will ensure we're ready for the changes. Experian's Tenant Sustainability (Rental Exchange) product would provide us with access to data which would lead to smarter decisions in allocating our resources most effectively to improve resident outcomes for some and deliver value for money for all.

It can be hard to predict which of our residents may miss their rent payment next month or how many might need financial assistance going forwards. Experian's Tenancy Sustainability product draws upon unique data sources to help make this possible. It can help us to identify those tenants who are likely to be in current financial stress and who may find it hard to pay their rent consistently in the future.

Our Pledge

- Investigate and explore the opportunities to introduce Experian's Tenancy Sustainability product
- Review residents' income and expenditure at allocation and sign up to a tenancy to assess affordability and offer support
- Promote Direct Debit as our preferred payment method to ensure income and reduce transactional costs

Affordability

Big Issue Invest (the social investment arm of The Big Issue Group), in partnership with Experian, has developed The Rental Exchange to tackle the financial, digital and social exclusion challenges faced by non-homeowners in the UK compared to homeowners. By observing rental payment data in the same way mortgage payment data is viewed it can unlock a range of benefits for tenants, housing providers and credit providers.

The Rental Exchange incorporates a tenant's payment history in their credit file in a secure and compliant way, at no cost once regular automated reports have been produced.

Our Pledge

We will consider the opportunities the Rental Exchange offers us and our customers and explore the opportunities to implement it during 2016.

Credit Profiling

To ensure we fully understand the individual circumstances of every resident moving in to our homes, we want to explore the opportunities of obtaining credit history files of future residents, with their permission. A credit report details an individual's personal credit history, including mortgages, credit cards, overdrafts, mobile phone contracts and even some utilities such as gas, electricity and water.

A credit report would provide us with a snapshot of residents' credit accounts, repayment record and how well they are coping with their finances.

It would enable us to use it, along with information on their application and information we might already have. This information would not be used to decide whether to offer them a property but instead to offer them a personalised package of support and interventions to enable them to flourish in their tenancy, pay rent on time and begin to rebuild any credit report which highlights areas of concern. For the resident a higher credit score may allow access to more financial products on the high street rather than Pay Day lenders.

Our Pledge

To explore and develop the use of Credit Referencing reports to understand our residents and their financial history.

To support a Pre-Tenancy Service with emphasis on prevention, financial vulnerability, understanding re-payment arrangements and evidence

To tailor our resources in an efficient and meaningful customer focused/centred approach

5 Prevention – Chasing the £'s

It is recognised that prevention is a key element of this strategy. Early intervention reduces the risk of arrears escalating whilst supporting residents with an early warning that steps must be taken to prevent debt from escalating. This prevention can reduce the costs to both the resident and the organisation.

An eviction for unpaid rent on average will cost the organisation £8,000 - £10,000. Last year this amounted to between £25,000 and £75,000. These are costs that can be saved if successful prevention enables residents to remain in their homes in the long term.

Throughout the lifetime of this strategy we pledge to develop our policies and procedures to maximise the opportunities to use prevention techniques.

Our Pledge

- Pre-tenancy training will be offered to any resident that is being given a tenancy for the first time. This training will provide residents with an understanding of their roles and responsibilities and give them the tools to succeed in maintaining the tenancy.
- Residents will be contacted within 14 days of an arrear occurring. Although we expect this could reduce if we implement automated procedures. This is because we know the importance of contact at an early stage is vital to preventing the escalation of arrears.
- We will explore the opportunities to develop online training to support residents in managing their tenancies.
- Residents we discover or who contact us will be signposted to a third party for support when multiple debts or vulnerability becomes known that may impact on rent being paid on time.

Bank Accounts

We know that nationally 4 – 14% of the population have no bank account, preferring to operate in a cash economy. For example there are some four million Post Office Card Account holders in the UK who fall under the 'unbanked' category because they are only capable of receiving money but not paying bills. Furthermore it is estimated that a much greater proportion of the population have bank accounts which are dormant. Gaining the confidence of these households is as much as a challenge as addressing the unbanked. These households are disproportionately concentrated in the social rented sector.

Any tenant including perspective tenants will need to be able to provide evidence that they have access to a bank account when Universal Credit is introduced which is capable of receiving money and the payment of bills electronically. Credit profiling and its introduction will support this aim.

Our staff will reassure and signpost residents to banks that can assist.

Our Pledge

To provide details to residents on how they can access a basic bank account, and dispel any myths or fears that they might have about its use.

More residents can use bank accounts to their advantage supporting the need to pay rent from Universal Credit payments paid directly to residents on a day of their choice due to the proposed increase in the availability of Direct Debits.

Direct Debit

Direct debit is the most efficient method of collection for us as this offers the lowest transactional costs, precise monitoring of performance whilst providing an assured income.

For our residents direct debit is the simplest and most convenient way to pay regular bills such as rent. In addition direct debits are also totally secure, providing them with complete protection by the direct debit guarantee - which means an immediate refund from the bank or building society in the unlikely event that a mistake is made. Direct Debit also offers additional benefits including:

- A paperless process which allows direct debits to be set up quickly and efficiently through remote working which avoids forms being sent to and from the resident
- Payment can be made on any working day of the month to suit the customers' needs, so they have better control of their money
- Cheques are being phased out from 2018, and cash is expensive to handle, and open to fraud and risk
- Peace of mind - payments are made automatically so rent is always on time
- The customer is in control and can easily make changes to payment dates or amount and can cancel their direct debit at any time by telling us or their bank
- Customers will be told about any changes to the amount required

As a result a proposal is to introduce Direct Debit as our preferred payment method for all new residents. This decision has been made to ensure a more efficient and effective way of collecting rent that will enable the Councils to meet the challenges of welfare reform and help keep tenants out of rent arrears. To ensure that tenants are supported we have created a Direct Debit Tenant Support Charter that sets out the principles.

Our Pledge

From April 2016 all new council residents will be required and supported to pay their rent by direct debit.

A Direct Debit charter will be introduced (See Appendix One) which outlines our charter to residents to support them in obtaining a basic bank account capable of direct debit transactions.

From April 2016 the number of available direct debit payments dates will gradually increase to every day of the month from the current 3 and 5 payment dates respectively provided by both Councils to support the important connection with Universal Credit.

Payment Cards

We know that the issuing of payment cards to all new residents is costly and increasing the dependency to pay rent at the Post Office. We wish to 'nudge' residents towards our preferred method of payment.

Our Pledge

We will therefore phase out the payment cards from April 2016.

Introducing a Reward Culture

Residents who always pay their rent on time, who maintain their homes to a high standard and always comply with their tenancy agreement should be acknowledged and valued with recognition. We can no longer just rely on sanctions as a means to encourage residents to pay monies owed on time.

We live in a world in which reward cards or loyalty bonuses are provided by both mainstream and even the most obscure businesses. And as a part of modern culture there has become a level of expectation of getting something back in return for loyalty.

The 'Thank you economy' identified by 'Gary Vaynerchuk' has seen the future of marketing.

The Thank You Economy shows how it's built on both the time-honoured techniques of listening to and appreciating customers and newer services like Twitter that allow us to engage directly with customers at unprecedented scale and speed. It's important we care otherwise no one will and there is much to be said for 'word of mouth' and loyalty.

We need to explore how much of our housing management costs are spent dealing with negative actions and with the introduction of Universal Credit, we must work harder and smarter to ensure efficient collection.

Our Pledge

A balanced approach between reward and sanction will be explored to improve performance and reduce costs.

We will develop our ethos and USP 'Unique Selling Point' to ensure we always meet customer expectations as a minimum and utilise social media to engage with residents directly.

Financial Inclusion

Currently we offer a Financial Inclusion service to our residents. This has been very effective at preventing residents from being evicted, supporting residents to gain Discretionary Housing Payments, welfare benefits that had not been awarded, grants, charity donations as well as sign posting to partner organisations including the Citizens Advice Bureau or the Money Advice service.

However we recognise at times this service has provided a reactive service. One aim is to develop our approach to financial inclusion with a focus on early intervention and being proactive. This includes developing our 'Pre tenancy service' and the range of services for residents who need help. We will continue to monitor the effectiveness of this service so we can target these resources most effectively.

Our Pledge

- To monitor the effectiveness of the Financial Inclusion team and the added value that this service provides
- To introduce new tenancy training to support prospective residents with gaining the necessary skills and knowledge to not only maintain their tenancy but flourish, reducing dependency on our services
- To develop our 'Pre tenancy service' which focuses on education, mentoring and coaching
- To support residents to achieve more personal goals
- Explore how we can upskill all staff to further their knowledge in this area of expertise, to assist and signpost those residents in most need

Working with Partners

We already work closely with the Citizens Advice Bureau, Credit Unions and the county's Financial Inclusion Advice Service.

We will continue to develop and strengthen these existing arrangements. Exploring joint initiatives and training to promote consistent messages with a stronger offer.

Our Pledge

To regularly review how we engage with partner agencies, and how we can create greater efficiencies by working hand in hand with partners

To explore the appetite and opportunity to lead on the development of a cooperative or umbrella organisation which brings together like minded organisations from across Suffolk to support the needs of the county's' residents.

6 Manage

Low Cost Loans

We know that many of our residents face pressures on their income and at certain times they have to look to credit providers to assist them in managing their finances. Due to the financial fragility of some residents they have no choice other than to turn to organisations such as 'Wonga, Brighthouse, and Provident'.

Whilst these organisations meet financial standards they have gained a negative reputation for offering small loans at exceptionally high interest rates. Residents who take on these loans are more likely to experience multiple debt problems and this increases their vulnerability to rent arrears. We want to explore the opportunities available to us to maximise our own income via offering low cost loans at an interest rate which is affordable but which provides us with an opportunity to gain an income from our own investments. This chimes with our ambition this strategy demonstrates our 'Commercial head with a social heart'.

Our Pledge

To explore opportunities to become a lender and operate within Financial Regulations to develop an income stream from the lending of low cost and affordable loans to residents. Which enables the organisation to generate an income.

Rent Collection Year

For some years, Babergh has operated a 48 week rent collection year. It is proposed from Monday 4th April 2016 it will move to a 52 week rent collection year, which will bring it in line with the arrangements in Mid Suffolk because this will mirror the payment cycle of Universal Credit. Residents will still pay the same amount of rent over the year. They will just be paying less each week, but paying every week.

For example:

Current: Rent payment of £100 per week x 48 weeks = £4,800 per annum

Proposed: Rent payment of £92.30 per week x 52 weeks = £4,800 per annum

Which is a difference of £7.70 per week.

Until now, tenants paid a higher rent over 48 weeks of the year with two 'non-payment free weeks' in December and two in March. It was done this way because that's the way the Council used to charge rents, and it was designed to fit in with people being paid on a weekly basis.

Most tenants are now paid monthly, and settle their bills on a monthly basis. Because of this, it became clear that the way we charge rent does not fit in well with the way tenants are paying.

When Universal Credit is introduced monies will also be paid on a monthly basis. In the past, when a tenant paid monthly their account would go into arrears in the autumn before they caught up again after the December and March 'non-payment free weeks'. It was confusing for tenants and generated a lot of enquiries. Now that we are proposing to change to charging over 52 weeks those paying monthly will stay in credit all year.

As a result of the proposed change it will also bring Babergh in line with Mid Suffolk and other social landlords who are already charging over 52 weeks or making these changes. Thus making it easier for future tenants to compare and contrast rents when viewing properties via Gateway to Homechoice.

Our Pledge

To introduce a 52 week rent collection year for Babergh customers from 4th April 2016, to communicate the reasons for this change and offer appropriate support to those affected

Garage Arrears

Every opportunity will be given to tenants who have garage account arrears to either clear the arrears in full or by an agreed instalment plan (over a maximum of 3 month period). If garage arrears persist, and are more than 4 weeks rent then we will serve a one week Notice to Quit and pursue the arrears in line with the former tenant arrears process.

Garages will not be offered to residents with current arrears.

Our Pledge

We will conduct a review of the demand for garages with the view to maximising our income.

We will also examine the current pricing structures and whether these assets could be better utilised.

Payment arrangements

We will offer payment arrangements to those residents who find themselves in arrears or owing us monies or charges.

These arrangements will be made based upon what a resident can afford to pay, using credit profiling without putting them under further financial stress though the aim will be to ensure any debt is repaid within 12 months. As a result we will require a completed income & expenditure assessment so we can assess priority and non-priority debts alongside opportunities for residents to reduce their expenditure on non-essential items.

These arrangements will be monitored by using technology already available to us. When and where arrangements are broken the resident will be advised within 7 working days and steps will be undertaken to determine the most appropriate course of action. Officers will be responsible for following procedures to escalate the case unless any default is paid within 10 working days.

Pre Court Protocol

Officers will always adhere to the Pre Court Protocol, Part 2 Possession Claims based upon Rent Arrears (See Appendix Two). We also want to develop new procedures which go beyond the terms set out in the protocol including the development of robust pre court and Pre Eviction Panels. The Panel meetings would take place when there has been little or no engagement by residents to correspond with staff. These would take place at the Council offices with a blend of officers dependent on the particulars of each case. This could include: Income Collection Officer, a Senior Income Collection Officer, a Tenancy Support Officer, or a Homelessness Prevention Officer.

The aim of these meetings are to set out fully the options, consequences and impacts the resident may face if the matter proceeds to court or ultimately eviction. Furthermore it enhances our robust approach and would demonstrate to a judge that we have taken every opportunity to support the resident.

Our Pledge

To develop our own Pre Court and Pre Eviction Protocol

7 Recover

Sanctions

Our Pledge

Dependent on the particulars of the case and the level of arrears/debt we aim to develop our non-possession actions for the recovery and collection of current, former and garage arrears.

This will include exploring the development and use of Money judgements, prohibiting, small claims court remedies, Attachments of earnings, Third Party orders, Third Party deductions and Alternative Payment Arrangements – Department of Works and Pensions

Bad Debt provision and Write offs

Bad Debt

Within our business plans and financial accounts we make allowances for 'bad debt' or monies that we are unfortunately unable to recover. We propose that this allowance reduces by a third during the next five years. This supports our aim to become even more efficient at the recovery of monies owed, with less reliance on such provisions. At a time when the impact of Universal Credit could greatly increase the demand on managing 'bad debt':

Year	Babergh	Mid Suffolk
2016/17	£75,000	£75,000
2017/18	£70,000	£70,000
2018/19	£65,000	£65,000
2019/20	£60,000	£60,000
2020/21	£50,000	£50,000

Write Off

We will continue to only write off monies that are uneconomical to collect or where every opportunity to recover the debt has been exhausted. Any write off will be subject to complying with current organisational policy

Monitoring

The monitoring of our impact across the wide range of actions and outcomes contained within the strategy is essential for Housing Services to track the impact of our approach to arrears management. Monitoring of the Income management policy and the associated procedures will consider:

- reviewing indicators that better reflect the changing focus on the organisations strategic direction
- how easily customers can access advice and assistance in managing their rent arrears
- the performance against service standards and targets set out in the procedures
- the efficiency costs of delivering the policy/ procedure balanced against percentage of rent recovered
- resident satisfaction and level of complaints, reviews and appeals.

Monitoring information will be reported to senior managers and the Portfolio Holders for Housing, and publicised to customers on a quarterly basis.

Review

Monitoring results will be used by Housing Services to inform future policy review in this area. All reviews will take place in accordance with the council's corporate guidance and will consider whether:

- the current policy adheres to legislative and regulatory requirements and reflects current good practice
- the aims and objectives of the policy are being met
- the current policy outcomes meet the needs and aspirations of our diverse customers
- service users are aware of and understand the policy and believe it to be consistent and fair
- the policy provides sufficient choice for customers
- the service offers value for money
- partnership arrangements are working effectively.

Overall monitoring and review of the policy will be undertaken in consultation with:

- staff groups;
- existing and future service users;
- resident and community groups;
- relevant partners, local voluntary agencies and other statutory services as relevant.

This strategy will be reviewed on an annual basis or in line with legislative or regulatory changes.

Equality and diversity

Housing Services recognises that it operates in a community within which there is wide social diversity, and is committed to providing equal opportunities and valuing diversity.

Full details of our approach are set out in our Equality and Diversity Policy.

From April 2016, all new council tenants will be required to pay their rent by direct debit. The change has been made to ensure a more efficient and effective way of collecting rent that will enable the councils to meet the challenges of welfare reform and help keep tenants out of rent arrears.

Babergh & Mid Suffolk will work with bank account providers to make sure that alternative account types are available that will allow direct debits. However, we accept that a small number of tenants will not be able to make this change and this charter sets out how we will make sure they will not be unduly impacted.

If for any reason you are unable to have a bank account that allows direct debits, you must contact us as soon as possible so that we can help.

Responding to tenants who are unable to make the change to direct debit

1. Creating a record of tenants who need support

Babergh & Mid Suffolk will work with customers and relevant partners to identify those tenants who need to support to make the transition to direct debit and may be exempt from direct payments of Universal Credit may need extra help and support to access banking facilities.

2. Ensuring data protection and confidentiality

Babergh & Mid Suffolk will only share information about a tenant with the explicit permission of the tenant. All records will be stored confidentially and access to them will be limited to the Councils and relevant partners (e.g. Citizens Advice Bureau, SNAP on a strictly need to know basis).

3. Promoting the charter to tenants

Babergh & Mid Suffolk will promote the existence of this charter and encourage tenants to share information that could affect their ability to receive direct payments of Universal Credit or pay rent by direct debit. Where a tenant requests further support then this will be recorded by Babergh & Mid Suffolk and a record kept of what support they have received.

4. Access to tenant support criteria

Babergh & Mid Suffolk considers a tenant to be in need of support if they do not have a bank account that allows direct debit payments.

We will provide information to tenants on the types of banking products they may be able to access to allow them to set up a direct debit to pay their rent. In line with Financial Services Authority regulations, Babergh & Mid Suffolk are not allowed to fill in banking applications on behalf of tenants but can provide tenants with banking application forms.

We will try to help tenants make rent payments by direct debits. Any tenant who is genuinely unable to either access or facilitate direct debit rent payments via a bank or building society account will be eligible to make rent payments using an alternative flexible payment method.

In such cases we will not take legal action against them for failing to pay their rent by direct debit.

However, if there are instances of persistent non-payment or where a tenant has made no significant efforts to address issues related to their inability or unwillingness to pay their rent then we will take legal action to end the tenancy.

5. Flexible options for tenants who need support to set up a direct debit

Key information will be provided in a language or format that is appropriate to the tenant (e.g. braille, audio, face to face conversation, interpreter).

Limited alternative payment methods will be offered as appropriate.

Individual tenant needs will be reviewed and support given to help them make the transition to direct debits over time.

Quality Assurance

Babergh & Mid Suffolk will collect information relating to performance including the following:

- Amount of debt arising out of arrangements that have been put in place for tenants needing support and information about recovery action
- Number of known tenants needing support and quantitative information about the impact on the service
- Number of complaints and break down of this information into type of complaints and at which stage of the procedure they were resolved

Tenant obligations

Babergh & Mid Suffolk expects that tenants will help ensure that we can operate a high quality, cost effective rent collection service by working with us to make sure they pay their rent by direct debit wherever possible or by other agreed methods where this is not possible.

PART 2 POSSESSION CLAIMS BASED UPON RENT ARREARS

Initial contact

2.1 The landlord should contact the tenant as soon as reasonably possible if the tenant falls into arrears to discuss the cause of the arrears, the tenant's financial circumstances, the tenant's entitlement to benefits and repayment of the arrears. Where contact is by letter, the landlord should write separately to each named tenant.

2.2 The landlord and tenant should try to agree affordable sums for the tenant to pay towards arrears, based upon the tenant's income and expenditure (where such information has been supplied in response to the landlord's enquiries). The landlord should clearly set out in pre-action correspondence any time limits with which the tenant should comply.

2.3 The landlord should provide, on a quarterly basis, rent statements in a comprehensible format showing rent due and sums received for the past 13 weeks. The landlord should, upon request, provide the tenant with copies of rent statements in a comprehensible format from the date when arrears first arose showing all amounts of rent due, the dates and amounts of all payments made, whether through housing benefit, discretionary housing payments or by the tenant, and a running total of the arrears.

2.4 If the tenant meets the appropriate criteria, the landlord should arrange for arrears to be paid by the Department for Work and Pensions from the tenant's benefit.

2.5 The landlord should offer to assist the tenant in any claim the tenant may have for housing benefit, discretionary housing benefit or universal credit (housing element).

2.6 Possession proceedings for rent arrears should not be started against a tenant who can demonstrate that –

(a) the local authority or Department for Work and Pensions have been provided with all the evidence required to process a housing benefit or universal credit (housing element) claim;

(b) a reasonable expectation of eligibility for housing benefit or universal credit (housing element); and

(c) paid other sums due not covered by housing benefit or universal credit (housing element).

The landlord should make every effort to establish effective ongoing liaison with housing benefit departments and DWP and, with the tenant's consent, make direct contact with the relevant housing benefit department or DWP office before taking enforcement action.

The landlord and tenant should work together to resolve any housing benefit or universal credit (housing element) problems.

2.7 Bearing in mind that rent arrears may be part of a general debt problem, the landlord should advise the tenant to seek assistance from CAB, debt advice agencies or other appropriate agencies as soon as possible. Information on debt advice is available on the Money Advice Service website <https://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator>.

After service of statutory notices

2.8 After service of a statutory notice but before the issue of proceedings, the landlord should make reasonable attempts to contact the tenant, to discuss the amount of the arrears, the cause of the arrears, repayment of the arrears and the housing benefit or universal credit (housing element) position and send a copy of this protocol.

2.9 If the tenant complies with an agreement to pay the current rent and a reasonable amount towards arrears, the landlord should agree to postpone issuing court proceedings so long as the tenant keeps to such agreement. If the tenant ceases to comply with such agreement, the landlord should warn the tenant of the intention to bring proceedings and give the tenant clear time limits within which to comply.

Alternative dispute resolution

2.10 The parties should consider whether it is possible to resolve the issues between them by discussion and negotiation without recourse to litigation. The parties may be required by the court to provide evidence that alternative means of resolving the dispute were considered. Courts take the view that litigation should be a last resort, and that claims should not be issued prematurely when a settlement is still actively being explored.

2.11 The Civil Justice Council and Judicial College have endorsed The Jackson ADR Handbook by Susan Blake, Julie Browne and Stuart Sime (2013, Oxford University Press). The Citizens Advice Bureaux website also provides information about ADR:
http://www.adviceguide.org.uk/england/law_e/law_legal_system_e/law_taking_legal_action_e/alternatives_to_court.htm. Information is also available at:
<http://www.civilmediation.justice.gov.uk/>

Court proceedings

2.11 Not later than ten days before the date set for the hearing, the landlord should –

- (a) provide the tenant with up to date rent statements; and
- (b) disclose what knowledge it possesses of the tenant's housing benefit or universal credit (housing element) position to the tenant.

2.12

(a) The landlord should inform the tenant of the date and time of any court hearing and provide an up to date rent statement and the order applied for. The landlord should advise the tenant to attend the hearing as the tenant's home is at risk. Records of such advice should be kept.

(b) If the tenant complies with an agreement made after the issue of proceedings to pay the current rent and a reasonable amount towards arrears, the landlord should agree to postpone court proceedings so long as the tenant keeps to such agreement.

(c) If the tenant ceases to comply with such agreement, the landlord should warn the tenant of the intention to restore the proceedings and give the tenant clear time limits within which to comply.

2.13 If the landlord unreasonably fails to comply with the terms of the protocol, the court may impose one or more of the following sanctions –

(a) an order for costs; and

(b) in cases other than those brought solely on mandatory grounds, adjourn, strike out or dismiss claims.

2.14 If the tenant unreasonably fails to comply with the terms of the protocol, the court may take such failure into account when considering whether it is reasonable to make possession orders.

Appendix Three

This policy supplements our Income Management Strategy by outlining the principles to be adopted when pursuing rent and other monies owed to either Babergh or Mid Suffolk District Council

1. We will take robust and appropriate action in accordance with procedures to maximise the income we collect and minimise the risk of debt to both Babergh & Mid Suffolk District Councils.
2. We will advise customers to prioritise paying their rent and emphasise this at the pre – sign up stage, at sign up and continue to promote this throughout the duration of their tenancy.
3. We will expect customers to pay their rent and service charges in full.
4. We will take action as soon as payments are missed to prevent debts becoming unmanageable.
5. We will make customers aware that failure to pay their rent may be putting their home at risk.
6. We will encourage customers to make regular contact with us to discuss their arrears and will ensure that staff have regular contact with customers who are in arrears using a variety of methods (where necessary).
7. We will only consider eviction where all other alternative actions have failed.
8. We will use the recovery actions available to us through the County Courts for recovering monies owed for non-payment of rent, service charges, rechargeable repairs and other debts.

Minimising Rent Arrears

9. We will provide a wide – range of payment options.
10. We will promote Direct Debit as the preferred payment method and aim to provide flexible processing dates.
11. We will provide up to date information on rent accounts.
12. We will operate debt recovery procedures that are organic and based on risk, personal circumstances and a customer's payment frequency.
13. We will carry out financial assessments with customers who engage with us, ensuring their income is appropriate to meet their charges. Where charges are unaffordable we will explore alternative housing options.
14. We will contact all new customers within 3 weeks of moving in and discuss any rent owing.
15. We will offer customers debt and money management advice/signposting and make them aware of the support available from other appropriate agencies.

16. We will ensure joint tenants are made aware of their joint responsibility for rent payments and that when legal action is taken the appropriate notice is served on both parties.
17. We will encourage payment of one week rent in advance or offer affordable arrangements for rent to be paid in advance.
18. We will deal with customers' personal information and financial situations in a sensitive and confidential manner.
19. We will support customers to maximise their benefit entitlement.

Recovery

20. We will contact customers within 1 week of a missed payment or where the residual debt is greater than £30, unless there are justified reasons.
21. We will make repayment agreements which reduce their debt within a realistic timescale whilst reflecting the customer's financial circumstances and ability to pay.
22. We will apply for arrears to be deducted and paid direct from benefit in appropriate and qualifying circumstances.
23. We will use a variety of mechanisms to contact customers about their arrears, including letters, visits, telephone contact, email and SMS.
24. We will normally commence the first stages of legal action when a customer is net four or more weeks in arrears after allowing for Housing Benefit.
25. We will consider notices correctly served if sent by 1st class post or in a manner as set out in our tenancy agreement.
26. We will, in exceptional circumstances, consider using mandatory grounds for possession dependant on tenancy type, intention to pay and individual circumstances. If multiple tenancy breaches are occurring we may combine rent and ASB breches.
27. We will inform the Homeless Department and other appropriate agencies when we are considering eviction proceedings.

Monitoring

Policies will be actively monitored to ensure they remain effective. The monitoring will be carried out by a number of methods including; customer satisfaction surveys, mystery shopping, performance reporting and customer scrutiny.

Review

This policy will be reviewed when there is a change to relevant legislation, regulation or good practice.

Babergh and Mid Suffolk District Councils

Housing Board Report

Proposed changes to Babergh's current rent collection weeks

Proposed changes to rent collection weeks

For some years, we have operated a 48 week rent collection year. We propose to change this and move to a 52 week rent collection year as of Monday 4th April 2016. This decision needs to be made in consultation, with the approval of our Tenants' Forum and Housing Board. Tenants will still pay the same amount of rent over the year, they will just be paying less each week.

For example:

Previously: rent of £100 per week x 48 weeks = £4,800 per annum

New Basis: rent of £92.30 per week x 52 weeks = £4,800 per annum

(A difference of £7.70 per week).

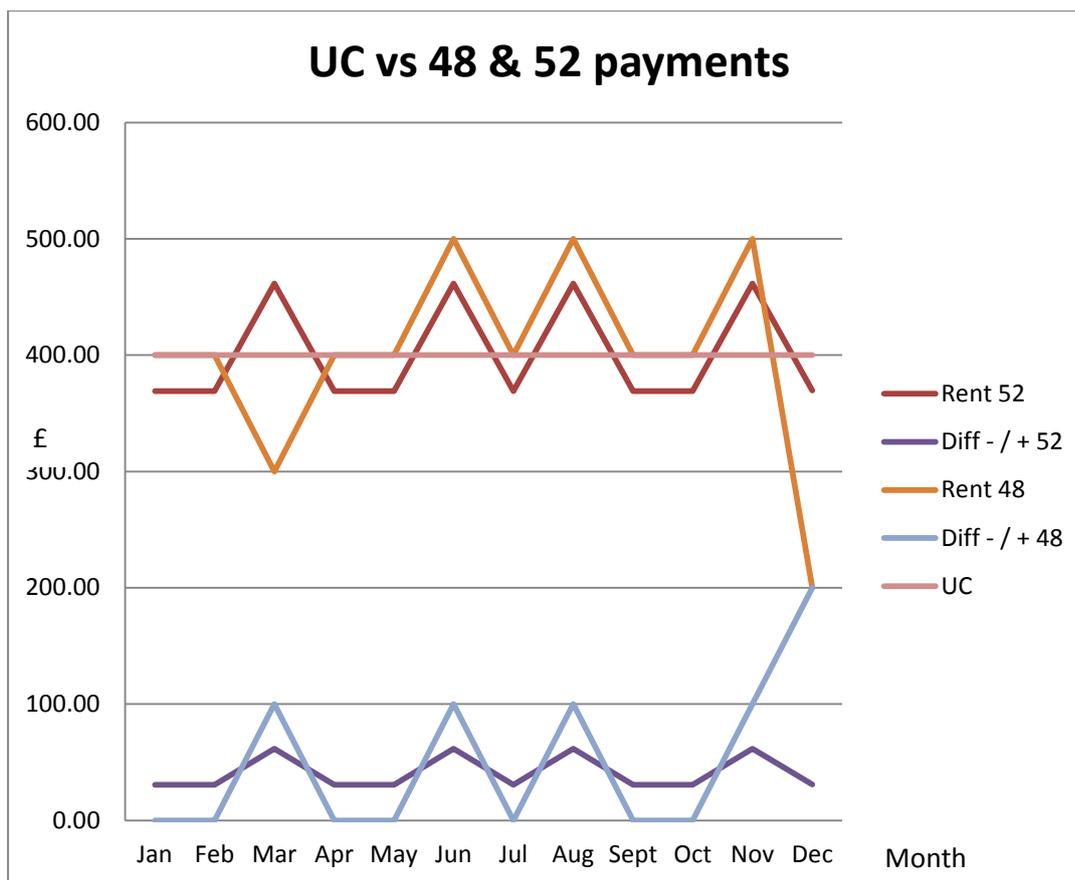
Why are we proposing to remove the 'non-payment free weeks'?

Until now, tenants paid a higher rent over 48 weeks of the year with two 'non-payment free weeks' in December and a further two in March. We did it this way because that's the way the Council used to charge rents, and it was designed to fit in with people being paid on a weekly basis. Most tenants are now paid monthly, and settle their bills on a monthly basis. Because of this, it became clear that the way we charge rent does not fit in well with the way tenants are paying.

Impact of Universal Credit

When Universal Credit is introduced, monies will also be paid on a monthly basis in 12 equal payments. This will have an impact on tenants as a result of the difference between the UC payment (for the purposes of housing rent,) and actual rents see table and graph below:

Month	Rent 52	Diff - / + 52	Rent 48	Diff - / + 48	UC
Jan	369.20	30.76	400.00	0	400.00
Feb	369.20	30.76	400.00	0	400.00
Mar	461.50	61.54	300.00	100	400.00
Apr	369.20	30.76	400.00	0	400.00
May	369.20	30.76	400.00	0	400.00
Jun	461.50	61.54	500.00	100	400.00
Jul	369.20	30.76	400.00	0	400.00
Aug	461.50	61.54	500.00	100	400.00
Sept	369.20	30.76	400.00	0	400.00
Oct	369.20	30.76	400.00	0	400.00
Nov	461.50	61.54	500.00	100	400.00
Dec	369.60	30.84	200.00	200	400.00
	4800.00		4800.00		4800.00



In the past, when a tenant paid monthly, their account would go into arrears in the autumn, before they caught up again after the December and March 'non-payment free weeks'. It was confusing for tenants and generated a lot of enquiries. Now that we are proposing to change to charging over 52 weeks, those paying monthly will stay in credit all year.

As a result of the proposed change it will also bring Babergh in line with Mid Suffolk who already charge over 52 weeks. Along with other local social housing landlords, thus making it easier for future tenants to compare and contrast rents when viewing properties via Gateway to Homechoice.

How will this change affect tenants?

The change to 52 weeks will result in a smaller weekly payment for all tenants, but for those tenants who are still paying weekly, it will mean making a payment every week. If tenants feel able to afford it and they wish to still enjoy a rent free period at Christmas (for example) they can still pay a higher weekly amount to build up a credit to be used later.

Tenants who pay monthly will not notice any difference as charges are spread equally over a 12 month period.

The new charging weeks will not directly affect any tenants who are in receipt of full Housing Benefit at the moment. However, with the proposed switch to Universal Credit in the future, many tenants will become responsible for making payments themselves and having rent charges over 52 weeks will help make it easier for them to budget.

When is the proposed change due to take place?

We propose to make the changes from Monday 4th April 2016.