



Income Management Policy

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Definitions

Arrears - **If you** do not pay your **rent** on time, **the money owed** is called 'rent arrears'. Rent arrears are 'priority debts', which means the consequences of not dealing with them are serious - there is a risk of eviction

HRA - The HRA is a “ring-fenced” account held by local authorities. It contains all the spending and income related to the dwellings owned by the council, acting as landlord, the HRA may also account for spending and income relating to other facilities such as garages. Each authority will have varying levels and types of housing and additional facilities, and so the HRA for any particular local authority will be unique to their individual circumstances. However, the format of the HRA is laid down by the government. It must contain spending and income items relating to the landlord function. The HRA is split between income and spending².

Pre-Action Protocol for Rent Arrears - Social housing landlords, such as local authorities or housing associations, have to follow a rent arrears pre-action protocol. This **tells** the Council **what it should do before it starts court action**.

Introduction

Changes to the housing subsidy system in April 2012, introduced the self-financed Housing Revenue Account (HRA). This placed a greater emphasis on collecting income to generate the funding to maintain homes and services. To support the Council in achieving high standards of service delivery, it is important that rental income from properties is maximised .

Purpose

The purpose of this document is to set out Eastleigh Borough Council's Affordable Housing Services (the Council's) overall approach to income recovery regarding rents for its homes (temporary, affordable and market rent), rechargeable repairs and services charges.

It sets the framework for the development of the Housing Revenue Account Business Plan to deliver the aims and objectives.

Key Principles and Service Standards

Eastleigh Borough Council's Affordable Housing Service is new and will be launched in 2023/24 as the Council begins to hold new affordable homes. The Council is developing a 30-year HRA Business Plan to enable high quality service delivery.

To achieve the vision the Council will be working around four key delivery themes to support the Council's priorities:

Team	Developing the necessary staff attitudes, behaviours and skills to deliver Corporate priorities. Strive to provide value for money at all times whilst developing a community and social value mindset. Take advantage of opportunities to provide homes, generate income and add value.
Service	Develop a clear, cost-effective and customer-focused service offer, with a particular emphasis on creating places where people want to live.
Value	Work collaboratively with the rest of the Council and our partners to strengthen communities and improve wellbeing.
Growth.	Explore prudent growth, maximise productivity and increase the supply and diversification of housing to meet local needs.

Policy Summary

The Council manages a range of different tenures which are let using the appropriate form of tenancy agreement:

- Lifetime Secure Tenancies
- Five year fixed term tenancies
- Three year fixed term tenancies
- Introductory Tenancies
- Assured Shorthold Tenancies (private sector leased properties)
- Temporary Tenancies (private sector leased properties)
- Shared Ownership

- First Homes

Scope

This policy applies to all tenure types in tenanted properties managed by the Council.

It applies to the income and arrears recovery of:

- Current rent
- Service Charges
- Private Sector Properties
- Rent arrears costs
- Court Costs
- Rechargeable Repairs

The policy aims to ensure income streams are maximised through effective and efficient management of accounts and there is a firm but fair and equitable approach when dealing with arrears and income collection.

Legislative Requirements

The statutory framework for income collection and recovery of council rent is set out in the Housing Acts 1985 and 1988, which provide legal grounds for seeking possession of tenanted properties and forfeiture of leases.

The Council must also pay regard to related legislation in the application of its income recovery procedures including:

- the Protection from Eviction Act 1977
- the Law of Property Act 1925
- the Data Protection Act 1984 (as amended 1998)
- the Human Rights Act 1998
- the Equality Act 2010.

The legal grounds for possession are set out in the Housing Acts 1985 and 1988.

Section 21 of the Housing Act 1988 gives the landlord an automatic right of possession once a fixed term tenancy has expired, and Schedule 2 of that act provides Grounds 8, 10 and 11 (as amended by the Housing Act 1996 for assured shorthold tenancies).

Schedule 2 of the 1985 Act governs secure tenancies. Legal casework also influences the approach to income recovery, and specific cases may restrict the extent to which debts may be recovered. This means councils can face challenges in recovering debt in a timely manner, despite having robust systems in place.

The County Court Civil Procedure Rules set out the requirements for making applications for possession, money judgments, and other debt recovery orders.

Related Affordable Housing Service Policies

This income management policy should usefully be read alongside the following Council policies:

- Rent Setting Policy
- Debt Management Policy

<https://www.eastleigh.gov.uk/media/5088/82315-debt-collection-policy.pdf>

Operating Context

A key aspect of developing the strategy for income management is knowledge and awareness of the customer profile. Tenants in social housing are estimated to make up 60% of the financially excluded.

Financial exclusion means that, low-income households are vulnerable to higher interest rates and can face difficulty in accessing affordable credit.

The Council will work to support tenants to improve their financial situation and increase their health and well-being. The Council will support tenants to work with a range of advice agencies offering access to financial products and services. Partnership working is regarded as an essential tool in the approach to providing information, advice and support.

The Council is aware of the Poverty Premium which describes the additional fees, charges or higher prices people pay as a result of low incomes. As a result, we recognise that those affected lack access to choose about when and how they pay for essential services such as housing, utilities and communications.

Support for tenants

The Council will work to support new tenants to improve their financial situation and increase their health and well-being. The Council will support tenants to work with a range of advice agencies offering access to financial products and services. Partnership working is regarded as an essential tool in the approach to providing information, advice and support.

The Council will work with partners to support tenants by:

- Maximising income by completing financial assessments and benefit checks
- Budgeting sessions to alter spending habits
- Dealing with debts by referrals to free debt advice agencies
- Encouraging saving to improve financial resilience- e.g. savings schemes, reward incentives.
- Access to appropriate financial services e.g. fee free bank accounts, avoiding interest charges
- Completing Housing Benefit, council tax support and universal credit application forms

- Improving financial capability so that tenants can understand financial products and terms, be able to use them appropriately, and have the confidence and motivation to do so.

The Council will work with residents in the Borough to enhance their employability, including:

- Employment & Skills Support Service to be delivered by qualified in-house careers guidance and coaching champions.
- Careers progression planning
- Skills mapping
- Referral to relevant training / retraining / learning programmes & workshops (at local training providers where appropriate e.g. Eastleigh College)

Aims and Objectives

The Councils' overall strategic aim is to apply a firm but fair approach to managing arrears, which takes account of individual tenant circumstances, and is sensitive to equality considerations including vulnerability, language, age and literacy. The Council aims to provide an income recovery and arrears management process that combines efficient debt recovery processes and use of sanctions, with arrears prevention through welfare benefits advice, energy saving ideas and debt counselling, including referral to specialist agencies for employment opportunities and income maximisation.

In order to achieve these aims the Council will:

- Comply with best practice
- Make effective use of sanctions
- Link arrears recovery action with our approach to financial inclusion
- Signpost tenants to agencies for specialist advice

Policy and Procedure

Operational procedures are in place for income collection and arrears recovery for all tenure types. Responsibility for income collection and recovery of rent arrears, sits within the Corporate Finance team. The success of arrears recovery action links directly with the application of policy and procedure, and staff resources.

The Council will ensure that procedures are:

- Equality-impact assessed
- Kept under review to reflect good practice and changes in legislation and regulation
- Focused on maximising income and ensuring value for money
- Documented to include expected standards
- Updated to reflect feedback from tenants where applicable.

Debt Recovery

It is essential that Eastleigh Borough Council demonstrates that it undertakes the administration and recovery of all debts in an efficient and effective manner. The Council has a legal duty to ensure cost-effective billing, collection, and recovery all of sums due to the authority.

In doing so, the Council will:

- Take positive action to prevent arrears occurring, for example, by providing a wide range of easy-to-use payment methods
- Take positive enforcement action against deliberate non-payers or those who delay payment
- Encourage tenants to make early contact with us to avoid build-up of debt
- Discuss payment options with tenants who have fallen or are likely to fall into arrears. We will work with them and their representatives to set reasonable payment levels that they can maintain
- The Council will work towards adopting a coordinated approach with regard to multiple debts (recharges and rents)

How we will achieve our policy objective

To achieve the above we will ensure the following principles are adhered to:

- Consider that tenants have a responsibility to pay
- Aim to identify those who can pay but will not or those who delay payment, so that recovery action can be taken accordingly
- Actively encourage contact at every stage of the collection and recovery process
- Acknowledge the need to provide a service that is effective, whilst treating all tenants fairly and taking account of our social responsibilities.
- Acknowledge our responsibility to collect income effectively.

CODE OF PRACTICE

In order to have an effective Debt Collection Policy our tenants need to be provided with clear and prompt information about debts due. To ensure this practice the following will be provided:

- Clear instructions on payment terms
- Timely and clear responses for any enquiries
- Easy-to-use and accessible payment options
- Clearly written correspondence, with information appropriate to the tenant

Payment Methods

It is acknowledged that the easier it is to pay, the more likely it is that payment will be made. Therefore, we provide a choice of convenient methods of payment and details of

these options are advised on each bill. Some of the payment methods available are as follows:

- Direct Debit

- **Online**

- By telephone

- Cash Kiosk (available in the Eastleigh House Reception during opening hours)

Payment by Direct Debit is regarded as the most efficient method to collect income and reduce arrears administration. This will be of increasing importance where payment of housing costs through Universal Credit is made directly to more tenants in the future.

The Council will:

- Promote a culture of rent payment responsibility with all tenants
- Promote Direct Debit as the preferred payment method
- Provide advice to tenants about the role of the credit union

Engagement and Information

Effective communication is essential to ensuring that tenants are made aware of their responsibility for rent payment, and the action that the Council will take to recover arrears. Methods of communication will need to pay regard to the accessibility of information and language, disability and literacy requirements. All information provided by the Council will be transparent and accountable.

The Council will ensure effective communication by:

- Producing written material in plain language
- Provide information in alternative formats e.g. large print
- Making use of translation or interpretation facilities
- Recording the communication needs of our tenants
- Involving social workers, support workers and advocates
- Provide rent statements on at least a quarterly basis

Early Intervention

The foundation for effective income management begins from the first point of contact with a new tenant, which usually takes place at the viewing or tenancy sign up. New tenants may already have debts, have experienced unemployment, homelessness or face wide ranging socio-economic circumstances within their households.

The Council will ensure that:

- Arrears control and recovery action will be activated as soon as an account falls into arrears.

- It will do all it can to contact tenants so that there is early intervention with arrears cases before a debt becomes unmanageable
- Information about the importance of paying rent is profiled at viewings and tenancy sign up.
- It is proactive in offering help to complete benefit applications
- All new tenants are informed of whom to contact about rent payment, and where to get help if they get into debt
- It arranges post-tenancy visits as necessary
- Detailed procedures for income management and arrears action ensure that each case is regularly monitored and appropriate action is taken.
- Tenants who go into arrears will be contacted via telephone, text, visit, face-to-face, email or letter.
- The Council will maintain a comprehensive record of all action taken and contact with a tenant in arrears.
- The Council will work proactively with tenants to assist them with complying with their tenancy terms and conditions and signposting them for support and advice.
- The Council complies with the provisions of the Pre-Action Protocol for Rent Arrears.
- It makes realistic repayment arrangements with tenants importance of rent payment, and provides the opportunity to discuss household circumstances, and seek to reach a repayment arrangement.

The Council will ensure that:

- Direct personal contact is used as the preferred method of contact about rent arrears
- Tenants are kept informed at each stage of the arrears recovery process.
- It confirms repayment arrangements in writing
- It makes effective use of new technology to communicate with tenants about rent arrears (The Council are investigating new technology which offers other methods of contact, including issuing reminder messages by telephone or email.)

Rent Arrears Recovery Principles

The overall principle of the Income Management Policy is to minimise the level of rent arrears and maximise the Council's income in a sensitive and effective manner.

The specific objectives of the arrears recovery procedure are:

- To offer early appropriate professional support and guidance to tenants to reduce rent arrears and maximise their income;
- To monitor levels of arrears and have early intervention mechanisms in place which prevent rent arrears arising;
- To take appropriate action in accordance with the level of rent arrears;
- To actively and rigorously pursue tenants for arrears owing;
- To sustain tenancies with support from the Council's internal teams.

The above objectives will be achieved by implementing the following principles:

- All reasonable measures will be taken to prevent arrears from occurring and escalating.
- Work with the Council's Housing Benefit team to ensure that Housing Benefit applications are processed efficiently;
- To negotiate realistic and affordable arrangements to repay rent arrears where appropriate. In developing an arrangement, considering all priority debts and factors affecting payment;
- Ensuring that detailed procedures and agreed practices are applied uniformly across the service;
- Ensuring that communication with tenants is in 'Plain English' and providing contact references in the case of queries;
- Consider affordability when allocating a tenancy to minimise the risk of debt for tenants;
- Ensuring that tenants understand how much they need to pay – including additional service charges, rents not covered by housing benefit payments and insurance costs;

Serious/persistent arrears action

Where the payment of rent and arrears is not made on a regular basis or the agreed arrangement is broken, either a Notice of Possession Proceedings for an Introductory Tenant or a Notice of Seeking Possession for a Secure or Fixed Term Tenancy in arrears will be served.

Action will be taken in the County Court by way of possession proceedings and seeking a money judgement for the outstanding rent. With regard to Homeless tenants residing in Temporary Accommodation, a Notice to Quit will be served for persistent failure to pay rent charges.

The Court can make the following decisions:

- an order for recovery of outright possession
- an order for Suspended Possession giving a set time to pay the rent arrears after which if not paid possession will be granted
- a money judgement for the amount owed

Where costs are incurred as a result of taking legal action to recover rent arrears, and where this is provided for within the Court Order, the full costs of such actions will be recharged to the tenant and added to a sub account of the rent account. Legal charges for action in County Court can add significantly to the debt that tenants may have, and Court Orders are not discharged until all court costs are paid in full. The Council will not initiate court proceedings where a debt is less than the court costs.

Arrears Recovery Process

Recovery of all debts under this policy will follow the Debt Recovery Process at Appendix 1.

If a tenant is in credit for any other account held by the Council, such as Council Tax, this will be transferred to rent account to be used to cover rent arrears and any excess (if applicable) will then be refunded.

When is enforcement action taken?

Where payment is not made in full or a payment arrangement has not been put in place within 30 days, the Council will start the Debt Recovery Process (Appendix 1). In all cases the Council aims to make an agreement for suitable payment to avoid such action.

Contact points

Appropriate information is included on all statements and communications to enable those, against whom action is taken, to contact the relevant officer. Standard documents are sent out displaying the action taken and including telephone contact points for the particular section.

If the tenant feels that the debt is invalid or for the wrong value then this needs to be put in writing.

This need to be sent to Affordable Housing Team at the address below: Eastleigh House
Upper Market Street Eastleigh Hants SO50 9YN

Or by email to sundry.debtors@eastleigh.gov.uk

Documentary evidence

In some cases it may be necessary to request documentary evidence to confirm details when arriving at a payment arrangement.

All information collected is governed by the General Data Protection Regulations and UK Data Protection Law. The Council has a procedure and policy in place to comply with the Act.

Maintaining current instalments

When negotiating arrangements for payment, staff should ensure that current instalments are being maintained, i.e. the arrangement will be in addition to and conditional on, the current debt being paid. When an arrangement is made on a total balance the minimum arrangement will be the current agreed instalment plus a contribution towards the arrears. If the arrangement extends beyond 12 months the approval of the relevant Lead Specialist must be obtained.

Evictions

Evictions will only be considered as a last resort and where all other alternatives for recovering amounts owed have failed. Support and advice will be made available to try to prevent someone losing their home, or to put the appropriate support in place and signpost if eviction is likely to be considered.

Every effort will be made to help the tenant pay any amounts due and avoid being evicted. Where an eviction occurs, the tenant remains responsible for the full amount of rent arrears

and all court costs. In the event of there being no current rent arrears and there are debts in the sub account, including rechargeable repairs, consideration will be given to the debt being recovered in the Small Claims Court.

Change of Address and Abandonment

If correspondence is returned undelivered and marked 'Gone Away', or similar, and a forwarding address is not already known, efforts will be made to find a new address for the tenant.

Former Tenant Arrears

Partnership working details needed

Provision of Rent Account Statements

Tenants in arrears will receive rent statements at quarterly intervals, to comply with the requirements of the Pre-action Protocol for Possession Claims. If a tenant specifically requests that statements are sent out more frequently, or they wish to receive statements by e-mail or another method, then this will be accommodated wherever possible with regard to reasonableness, overall demand and costs. Individual one-off statements will also be produced on the specific request of the tenant.

Each rent account statement will show the following information:

- The name and address of the tenant.
- The transaction details for each collection week, which will include rent charged, Housing Benefit entitlement, rent paid and any adjustments made.
- The balance at the end of each collection week and total indebtedness.

Approaches towards Vulnerable Tenants

A sensitive approach towards rent arrears recovery will be taken in respect of tenants who are deemed to be vulnerable including those who are disabled as defined by the Equality Act 2010 or who do not have English as a first language and who may require additional support to understand what is required to maintain rent payments.

Council Officers may identify further vulnerabilities and needs which will be addressed by working with Support Agencies who can assist. The Council recognise any legitimate situation whereby a third party accepts responsibility to help a vulnerable person meet their rent payment obligations. The Council will pursue enforcement in cases where support needs have been identified but the tenant is not engaging in their support plan. In carrying out the Council's income collection responsibilities it will have regard to safeguarding and promoting the welfare of children and vulnerable adults.

Equalities

Housing Revenue Account Services are delivered to diverse communities and are therefore committed to providing equal opportunities and valuing diversity. Within the delivery of housing services, the Council aim to treat all customers fairly, and with respect and professionalism regardless of their gender, race, age, disability, religion, sexual orientation and marital status.

Every measure is taken to ensure all people of like circumstances are treated with due respect and courtesy, taking account of the Council's Diversity & Equality Policy, or equivalent if amended in the future. There are procedures for arrangements and persons requiring extra time to pay. Our customers are all treated in the same manner.

The approach adopted within this policy focuses on understanding individual circumstances in order to provide appropriate advice and support; this includes understanding the needs of tenants who have protected characteristics.

The Council will ensure all our tenants have clear information and equal access to available services and will provide information in a range of appropriate languages and formats when requested.

Performance Monitoring

The targets for rent arrears and leasehold charges are set annually, and performance is kept under regular. Rent arrears recovery and charges are performance indicators, which are monitored closely and is included in performance **reports to the relevant Board**.

The key arrears performance indicators are:

- Percentage of income collected (target= increase)
- Arrears as a percentage of the rent roll (target= decreasing trend)
- Current rent collection
- Trend against previous year (will be in future years)
- Case work by arrears value banding
- NOSPS (Notice of Seeking Possession)
- Possession Orders
- Evictions
- Case studies of effective rent arrears resolution
- Percentage of arrears cases in arrears of 7 weeks or more without a NOSP or arrangement
- No of cases on Sensitivity
- Percentage of service charge collected
- Percentage of rechargeables collected
- Percentage of tenants paying by Direct Debit

The Council will:

- Seek to attain upper quartile performance of other Registered providers in the area
- Set and monitor our performance against targets

- Report performance to senior management and the relevant Board
- Review performance on an ongoing basis
- Benchmark our performance

15. Monitoring and Review

This policy will remain a working document and will be reviewed as and when new legislation or guidance is published or is deemed necessary.

It is important that service performance is monitored so that the impact and effectiveness of prescribed policies is assessed and to ensure that those policies are assisting the Council in meeting its aims and objectives in each respective service area. This Income Management Policy will be reviewed regularly alongside other policies and the service plans, providing a basis for measuring implementation and improving those policies.

16. Document History and Approval

Identity and Version Control

This document is the final approved version and will be a controlled document with an individual assigned to version review/amendment.