

Income Management Policy



Introduction

Income management and arrears recovery is a priority as rent is our main source of revenue income. This Policy sets out the principles and overall approach to the collection of rents, service charges, estate charges, heating charges, former arrears sundry charges and recharges. It establishes how we; prevent arrears, manage arrears and ensure that effective and appropriate action is taken to maximise income, reduce debt, and the recovery of former customer debts whilst understanding and responding to the financial difficulties customers encounter. The Policy applies to all properties owned or managed by Great Places Neighbourhoods, Plumlife and Independence and Well-Being services. This Policy is supported by detailed income recovery and arrears guidance for colleagues.

An effective income management ethos not only prevents customers from falling into debt but ensures that they can sustain tenancies and reduce their chances of becoming homeless. Our approach enables the delivery of the Vision in the Great Communities section of the Corporate Plan; *'helping to deliver core services, create sustainable communities and help us in reducing poverty and improving lives for our customers'*. It supports our Values *'We are fair, open and accountable'*, *'We know, respect and care about our customers'* and *'We promote partnerships, efficiency and value for money'*. These services help us collect our main income stream where effective performance is critical to the financial health of the organisation.

Context

We recognise that many customers are being heavily impacted by the cost of living crisis and this policy seeks to reinforce the importance of maintaining a well managed rent account whilst offering support to customers experiencing difficulty in paying for their housing costs.

We follow regulatory and legal requirements including ensuring that social and affordable rents are increased in accordance with Government guidance, and that we follow a fair and transparent process in taking enforcement action which can include repossession.

- Rents are set in line with the direction provided by the 2020 Rent Standard, which is part of the Social Housing Regulatory Framework. Rents are approved annually by Board in line with the rent setting policy, best practice and regulatory guidance. There may be properties where, by exception, the full increase is not applied based on our assessment of affordability, energy efficiency and demand for the property. This supports our aim to create sustainable, settled communities.
- Service charges are covered by the Landlord and Tenant Act 1985, and aim to be cost reflective they are compliant with the Rent Standard and set within national guidance so that they are affordable for customers.
- Secure rents are set by the Rent Tribunal Service and we reapply for a rent review periodically in line with relevant legal guidance..

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- Shared Ownership rents and any other leaseholder charges are set in accordance with the terms of the relevant lease.
- Affordable rents are set within 80% of market rents. We also check these against Local Housing Allowance LHA rates in each Local Authority area.
- Market rents are set by Plumlife taking into account rent levels of similar properties in the locality.

Great Places has signed up to a number of sub-regional commitments to ending homelessness including a pledge not to repossess homes where the household can demonstrate they are working to resolve their rent arrears issues.

We support customers in a number of ways in line with our Financial Resilience approach, we do this by:

- Providing easy access to effective tenancy support services and operate a flexible arrears policy in line with the Service Delivery Framework.
- Identify and proactively engage customers who could struggle to maintain their property without support.
- Signpost to partner services where appropriate, make referrals with the expectation that the customer will take our advice and attend appointments and keep to repayment arrangements.
- Ensure that our debt recovery processes meet the court pre-action protocol, communicating with customer at all stages during the arrears process.
- Avoid possession action where customers demonstrate they are doing all they can to maintain repayments to keep their home.

This Policy supports the organisation in managing the corporate risk GC4 'failure to manage the impact of customer poverty and financial hardship on the inability to pay rent'.

Aims and objectives

This policy is designed to achieve the following outcomes

1. Collect all rent and charges due and proactively prevent and minimise arrears
2. Promote a payment culture to all customers with easy, convenient ways to pay and manage their accounts
3. Work with customers in line with the Service Delivery Framework, deliver personalised and inclusive services to ensure we have a strong, two-way relationship which builds trust, creates accountable customers and supports sustainable tenancies
4. Ensure robust and systematic procedures are in place to identify, control, reduce and collect any arrears and former customer debt
5. Ensure systems, processes, performance management and reporting arrangements are in place to demonstrate the effective implementation of this policy

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6. Provide guidance and support to ensure colleagues are clear on our expectations in the delivery of this Policy.
7. Ensure legal action is only taken in serious circumstances and as a last resort where a resident will not agree or maintain a plan to help them pay their rent
8. We will minimise the risk of making customers Homeless and will do what we can to avoid repossession and only use this where a customer refuses to pay their rent or will not follow our advice.

What is involved?

We will apply the following principles when dealing with customers.. Detailed operational guidance in the form of workflows and guidance notes provide further operational guidance on how we will achieve these objectives and monitor the impact of these actions

What we currently do

This Policy embodies the principles of the Service Delivery frameworks:

- **Doing things ‘with’ not ‘for’ customers**

Coaching customers to build their confidence to make benefit applications for themselves, and to become self-reliant, independent and generally taking responsibility for their account through self monitoring.

- **Being easy to do business with and here to help**

Self service options for rent payment or access to advice and assistance on our website, allowing time for colleagues to support those in need of more specialist support.

- **Involving partners and working with them for our customers’ benefit**

Working with like-minded partners such as debt advice services, better skilled and placed to support our customers.

Our approach is designed to prevent customers from falling into debt, with all the associated detrimental impacts that this can have on them. Publicise the importance of keeping up payments as a ‘priority debt’ and communicating the consequences of non-payment. We provide advice and support to customers’ transitioning to Universal Credit, provide support through the tenancy and employment support services for vulnerable households and those requiring additional support into training, volunteering or employment.

Changing customer profiles also inform the income management approach. The customer data tells us that we are housing;

- more customers who are working, many on low incomes or facing uncertainty of hours and poor job security,

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- younger people,
- vulnerable people with complex needs, including some who have experienced homelessness.
- We are also conscious that families in larger, more expensive properties may face financial challenges.

Since the last Policy we have restructured the Customer Services Directorate. We have introduced a new housing management and rent account processing system, revised guidance to colleagues, aligned working practices to ensure consistency which are underpinned by our vision for service delivery and a new relationship with customers. To support this vision we have:

- Introduced a new 'Rent in Advance Policy' for new customers.
- Improved rent management systems, automating more actions and enabling text reminders to customers who miss a payment or fail to keep to repayment arrangements.
- Modified arrears practices and trained colleagues on persuasive techniques in working with customers with rent arrears.
- Communicated more clearly to customers our expectations of them.
- Established a new Financial Resilience Team with specialist Debt Management and Welfare Rights expertise.
- Expanded the Tenancy Coach Service which directly supports customers in debt.
- Expanded the Employability Coach Service ensuring it has improved cover across the business.

1.1. Rent Setting

- We set rents and service charges and send out increase or decrease notices in a timely way, ensuring the right charge is made and customers are given clear information about meeting their responsibilities and how to get advice from Great Places and other specialist advisors.
- Property and rent data is checked to ensure accuracy and we will ensure that property valuations used in setting any rents are up to date

1.2. Promote a payment culture

Setting the scene for the payment culture starts as soon as we meet a prospective customer, and through the advice of colleagues throughout the customer journey. Setting clear expectations and ensuring these are understood by customers will help us develop the right behaviours and actions to support sustainable tenancies where regular rent payments are maintained. We will ensure this through the following actions;

- When the customer moves in we discuss the importance of paying in advance, making rent payments on time, and explain the consequences of not doing this, and the support we can offer if customers struggle to make payments
- We encourage customers to contact us early if they are struggling to prevent this happening encouraging them to enter into repayment agreements and maintaining them if facing hardship, we will advise customers of the term repayment agreements will take to clear.
- We use campaigns to promote prompt rent payments and use of Direct Debits

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- We actively encourage customers to use the portal to check their rent balance at any time
- We will offer early and late appointments for working customers who need money advice or arrears visits
- If customers need rechargeable repairs we will collect the money before the work is undertaken where possible. We are reviewing the recharges policy and procedures to ensure that we recover costs for damage

1.3 Efficient collection and management

- To maximise income we proactively seek to prevent arrears, and aim to collect rent when it is due. The new 'Rent in Advance Policy requires customers to pay in advance at sign up where they have the means to do so.
- Applicants for housing are informed of all charges for a property, and encouraged to check that these are affordable so that they can make an informed choice about whether to accept the property or not.
- The rent system automation and text messaging to customers ensures we contact customers as early as possible, as lower debts are easy to recover. This leaves colleagues free to deal with complex cases requiring additional time and support.
- Identify and alert customers when accounts fall into arrears and advise them to pay treating this debt as urgent.
- Encourage customers to monitor their own accounts via the Customer Portal and provide account statements to help customers understand their payment history and current account balances.
- We set our expectations by requesting customers pay the debt in full. If they cannot do this we make repayment arrangements following a payment review with customers which will be realistic, monitored and periodically reviewed. We will keep the customer informed of any escalation of legal or enforcement action.
- Customers on benefits including Universal Credit (UC) are able to seek support from the Hub or their dedicated officer, access support information on our website, or are signposted to partners who can support with applications and complex queries. For UC claimants in arrears we can make a claim for direct payment of rent. We will also support customers to make Discretionary Housing Payments (DHPs) and will apply for DWP third party payments to help clear arrears.
- We will encourage customers to contact us when experiencing a significant event, e.g. relationship breakdown or bereavement, they will be offered support or directed to specialist debt advice services. We will comply with Breathing Space, Debt Management Orders (DROs) and Individual Voluntary Agreements (IVAs) when customers apply for these via third parties. These can lead to writing off their rent debts
- We will review services and service charges so that they are appropriate and affordable
- If customers are struggling financially in a home that is too large we support them to downsize
- Where we have ineligible service charges in I&W properties we invest to remove the need for these where possible

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- For customers in I&W properties who secure employment we work with them to fast track them into general housing where rents are lower
- If a Great Places or Plumlife customer leaves us with a debt, our third party identity brand (Start Solutions) seeks to recover this with the most appropriate course of action which maximises the collection of debts, by providing support and guidance to customers and colleagues
- We will use data and evidence to target customers towards using more efficient, cost effective payment methods and run targeted arrears campaigns across the business

1.4 Payment Methods

- Customers have a range of convenient and accessible ways to pay including online, chip and pin, by telephone, and by Direct Debts offering flexibility of payment date
- Our mobile working tools enable colleagues to access to all the information they need to discuss account issues in customers' homes, with payment machines providing the ability to collect rent when speaking to customers in their homes.
- Customers have access to their personalised rent account portal where they can make online payments
- We discuss and support customers to apply for payments of benefits to be paid directly to their account where they have arrears or are struggling to manage payments themselves

1.5 Partnerships

- We ensure that we have local relationships with credit unions, Citizens Advice, debt services and food banks that we can signpost customers to
- We promote low-cost tenant insurance to prevent customers from experiencing uninsured losses
- Customers needing affordable furniture packages will be signposted to these
- We will build strong partnerships with local authorities and other public bodies to ensure we work together to intervene earlier to prevent potential homelessness through, increasingly integrated services.

1.6 Support customers through tailored communications and advice

Providing the right information, advice and support to help customers maintain regular rent payments is central to our new approach to ensuring customers are clear on their responsibilities, and our expectations of them. We will support and communicate with customers in the following ways:

- Colleagues receive the training and support they need to be able to provide the appropriate level of advice to customers. Customers with more complex needs or multiple debts may be signposted to our Tenancy Coach service or other partners for support
- Customers have access to a customer portal at all times, this enables them to check their rent balance and make a payment. The website also provides information about welfare benefits, money advice and signposts to other relevant sources of information or support.

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- Colleagues are able to support or signpost to organisations that can provide the relevant advice, and we will promote the detail and access to these services across our communications channels.
- We will continue customer profiling and insight so that this shapes our rent arrears messaging and support campaigns. This means targeting appropriate advice for customers based for example on their work status, income, and level of debt, gender, location, household composition, age, and digital activity.
- Understand customer groups who are more likely to experience difficulties in making payments will help us provide more proactive and appropriate support. Neighbourhood level data on incomes and debt, including use of Geographical Information Systems would give us the opportunity to target a specific area for advice and support.
- Following recommendations from the Customer Scrutiny Group 'Insight' we have in place targeted automated SMS messaging for customers moving onto Universal Credit giving advice and links to our website for information or other sources of support. Insight have also approved the introduction new information tools and a support campaign to further develop the awareness of the impact of Universal Credit on customer income and rent account management.
- We monitor the use of the website using Google Analytics and will continue to review how easy our money advice pages are to find and how useful customers seem to find them.
- Our communications plan for income management will raise the profile of our digital offer as helpful sources of information for customers to better manage their money, budget or seek specific debt or benefit advice.

1.7 Enforcement

We are committed to preventing evictions where customers demonstrate they are actively seeking to address their arrears and always consider this when considering enforcement action.

- We issue Notice of Seeking Possession (NSPs) which is the first step in the legal process notifying customers with arrears of 4 weeks or more that we have initiated a legal process to recover arrears, this usually leads to an income and expenditure review and a reasonable repayment arrangement. If they comply with this and sustain payments in line with the agreement the account is monitored and there is no requirement to progress to court.
- Where arrears continue to increase after an NSP is served then we can make an application for the case to be listed at the County Court. This will usually lead to a Suspended Possession Order (SPO) where the Court issues an order for a repayment agreement which the customer is obliged to adhere to. Should the customer fail to make payments in line with the order, we can request a Possession Order from the Court due to non-compliance and using the Pre-action Protocols, present evidence that the customer has breached the agreement. Usually the Court will make a new SPO based on the increased amount owed before Great Places can secure an order of possession.

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- In some cases the level of arrears will be very high (exceeding 8 weeks) and the customer will have not kept to previous repayment agreements nor paid rent due or ignored our request for payment of rent and arrears. In these circumstances we reserve the right to use Ground 8 of the Housing Act 1996, this is a mandatory 'ground for possession' where the Court must grant the Landlord possession where there are no human rights, public law or equality law matters to be considered and the additional protocol steps have been complied with by the Landlord. It is very rare that we will use this approach.
- We will make a referral to the relevant local authority, at the earliest opportunity, for anyone at risk of legal action that could make them homeless. It is hoped that by working together we can identify the best possible solutions for the customer and prevent further action being taken.
- We will report the level of legal action taken, and evictions carried out, annually to Board

Who will be involved?

The collection of rent and arrears is a primary function of Neighbourhood Services Managers in Neighbourhoods. Property Managers in Plumlife and Housing and Contracts Officers in the Independence and Wellbeing Service. They are responsible for explaining rent and service charges to customers at property viewings, sign ups and when they take on leases. They are also responsible for notifying customers when they have fallen behind with payments, make repayment agreements for current arrears and agreements to reduce and clear balances for former tenancies. Neighbourhood Services Managers also refer cases for Court action which is approved by their line managers. They will also make applications to court when these have been approved.

Area Services Managers (Neighbourhoods) and Operations Managers (Plumlife) and the Business and Contracts Manager (I&W) are responsible for monitoring the performance of individual officers which is over seen by the Heads of Service. We will seek advice and support from the Housing and Enforcement Team.

The Directors of each service is responsible for the overall performance of the income collection. Only the General Needs Arrears figures forms the Critical Success Factor (CSF) for the business which is monitored by Board.

We will ensure in addition to robust use of management information to monitor accounts and performance, that we share best practice and continue to benchmark and learn from other providers from within and beyond the housing sector.

Links to related policies, strategies, and procedures

[Use hyperlinks to connect the policy to any related procedures.]

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Policy approval date:	November 2022
Equality impact assessment date:	November 2022
Reducing carbon impact assessment date:	Month / Year
Safeguarding/Modern Slavery impact:	
Policy review date:	September 2025
Lead team:	Rent and S/C Service Excellence Group
Level of authorisation required:	Directors
Please record all authorisation meetings, with dates and details	Approved at Directors on 17.11.2022