

Income recovery and arrears policy

Who's this for?	Residents, colleagues, and stakeholders
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Policy Owner	Neighbourhood & Income Manager
Other related documents	Arrears procedure Rent setting policy Service charge policy Affordability policy Former tenant arrears procedure Lettings policy Tenancy policy Vulnerable residents policy Safeguarding policies Leasehold policy Shared Ownership policy

1. Policy statement

Our purpose is to give residents a firm foundation on which to build their lives. Our vision is a safe, comfortable and affordable home for every household. This policy sets out our approach for supporting residents who fall into arrears and the steps taken to recover income. We take a supportive and preventive approach to arrears management when customers are unable to pay their rent or other charges, with increased emphasis on supporting those residents suffering in the cost-of-living crisis.

We understand that if a resident falls into arrears, this can have an adverse impact on their wellbeing. We will support residents to avoid arrears building up by providing advice and guidance; where extra help is required, we can offer 'settle plus'. This focuses on offering financial support tailored to an individual's needs and is provided directly by us, or by connecting them to a partner organisation.

Rent and service charges form the largest proportion of our income, so we need to balance that approach with making collection of these charges a priority for the business. We need to maximise this income so that we can continue to provide good quality landlord services to all of our residents.

An equality impact assessment has been completed as part of this policy review.

Feedback from residents

As part of this policy review, we gained feedback from residents through our settle voice platform. We received a lot of positive feedback from residents who said the policy is clear, easy to understand and the supportive elements were apparent. One particular point that residents raised was that whilst performance indicators were clear and understandable, we could increase the target for % of residents paying via direct debit. Therefore, we have reviewed this and set a slightly higher target of 4% annually.

2. Current Position

As of November 2023:

- 2.43% - general needs rent arrears
- 40% - residents paying by Direct Debit
- 70% - average weekly casework completion rates
- 100% financial checks offered to all new UC claimants
- £653k per month on average - online services (Payment Gateway) transactions
- 5990 residents - online portal members
- 100% affordability assessments completed for new tenancy's/mutual exchanges with affordable rents

3. Key principles

- prioritise working with residents to prevent and reduce arrears

- focus on early intervention/prevention to reduce arrears levels making sure that payment agreements with residents are affordable
- consider when a resident may need additional support from us including when to offer settle plus.
- take a fair and consistent approach when progressing legal action, using the mandatory ground for possession only in exceptional circumstances
- take a pro-active approach to monitoring arrears and intervene early to support residents where a change in circumstances could impact their rent account.

4. Objectives

- minimise resident debt to help sustain tenancy's, maintaining performance under arrears target
- maximise income collection to support delivery of good quality landlord services
- provide easy to use automated services for transactional activity
- support residents to minimise debt and stay in their homes through referrals to partners including access to benefits advice agencies, such as CAB.
- use specific plans to help migration to Universal Credit
- direct debits as the most popular and preferred payment method of choice

5. Policy actions

The policy actions will be included as objectives in the directorate plan until the next policy review:

- use predictive indicators to devise an early intervention plan, to reduce the likelihood of arrears and minimise evictions
- complete affordability checks for all new affordable rented homes and any resident mutually exchanging to an affordable rent, or where under occupying
- use the "Debt Respite Scheme" (commonly known as "Breathing Space") to support residents with the time to receive debt advice
- increase the number of advanced payments and direct debits set up
- increase referrals for settle plus supported by targeted resident communication
- provide easy to use automated services for transactional activity
- increase the number of portal sign ups and online payments through increased promotion of benefits
- training that supports continuous improvement of colleagues working with residents on income

6. Desired outcomes

- reduction in overall rent arrears and average arrears for Universal Credit claimants
- reduce homelessness numbers through reduced number of evictions
- resident feedback has a demonstrable impact on improvements to the service
- higher levels of support and engagement from external agencies supporting

residents to reduce arrears

- the use of automation increases the capacity for the team to support residents who need us most.

7. Performance indicators

- Annual rent arrears percentage targets achieved <3.5% for general needs
- Increase use of direct debit from current position of 40%
- Increase the number of residents paying by direct debit by 4% annually
- Increase portal sign up numbers from current position of 6000 residents.
- Increase number of referrals for advice on benefits and other agencies
- Increased number of residents using self-serve, with a 5% decrease in inbound calls relating to rental queries
- Minimal number of evictions, only taking legal action where absolutely necessary

8. Key legislation

- The White Paper for social housing
- Housing Act 1985
- Housing Act 1988
- Civil Procedure Rules Pre-Action Protocol for Possession Claims for Rent Arrears.
- FCA Financial regulations
- Landlord and Tenant Act 1985
- Commonhold and Leasehold Reform Act 2002.
- Welfare Reform and Work Act 2016
- Regulator of Social Housing Rent Standard
- Debt Respite Scheme May 2021 known as “Breathing Space.”

9. Review

This policy will be reviewed every 2 years or sooner if required by changes in legislation or regulation.