

## INCOME MANAGEMENT POLICY



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## 1. BACKGROUND AND PURPOSE

- 1.1. The purpose of this policy is to establish the principles for rent and service charge collection for Cornwall Housing Ltd (CHL), to ensure it is able to maximise the income that it is due, whilst at the same time ensuring that CHL tenants are supported to successfully manage their rent and other housing related charges.
- 1.2. The effective collection of rent, and keeping debt to a minimum, is important as it is the main source of income to fund the services provided by CHL on behalf of Cornwall Council. To safeguard its financial viability CHL must endeavour to ensure that all rent payments are made in line with the resident's required obligations.
- 1.3. CHL will act with reasonableness and proportionality, doing our best to work with tenants to resolve any payment difficulties, offer appropriate support, and only consider legal action as a last resort.

## 2. SCOPE

- 2.1 This policy applies to all CHL managed properties within the Housing Revenue Account and covers all residents who are contracted to pay rent, service charges or other charges, including:
  - Tenants (Secure, Assured, Assured Shorthold, Affordable)
  - Shared owners
  - Any current or former residents who owe us rent or other charges such as service charges, support charges, recharges, or court costs, or garage fees.
- 2.2 All staff are expected to maintain the standards and approach outlined within this policy.

## 3. PAYMENT METHODS

- 3.1 CHL's preferred payment option for general needs customers is direct debit and all customers will be encouraged to pay by this method. Other payment methods such as standing order, payment card or debit/credit card will be considered if it is not possible for the customer to pay the charges due by direct debit.
- 3.2 Rent must be paid in advance as per the tenancy agreement.



3.3 CHL does not encourage customers to use methods of payment that may lead to greater debt but, respect that this is the customers right of choice. Current payment options available are:

- Direct Debit
- Debit or Credit Card
  - By telephone (24-hour automated payment line or through an operative during office hours),
  - Online via the CHL website
  - In person using the reference details on an issued rent payment card to pay at a post office or any Paypoint registered retailer
- Bank Transfer
- Standing Order
- Cheque
- Cash using the reference details on an issued rent payment card to pay at a post office or any Paypoint registered retailer.

3.4 CHL will regularly review new technologies and payment service providers to ensure the payment needs of our customers are met.

## 4. THE CHL APPROACH

4.1 CHL promotes a positive payment culture which expects all customers to maintain a clear rent account irrespective of whether they have benefit entitlements as a payment method. CHL aims to empower its residents to take responsibility for paying the rent and/or service charges and other charges owed to us and to avoid getting into debt

4.2 CHL recognises the importance of the effective and efficient collection of rent and other charges, including the prevention and recovery of arrears but understands that life can be unpredictable, and financial challenges can arise.

### Preventing Arrears and Early Intervention

4.3 CHL believes that prevention and early intervention in Income Collection is crucial to maintain and sustain tenancies and will only seek eviction as a last resort.



- 4.4 CHL will use preventative measures and practices which aim to avoid the accrual of rent arrears. We will monitor accounts regularly and contact those customers whose accounts have fallen into arrears and take appropriate supportive action. CHL will act early if an account falls into arrears, as the sooner CHL contacts tenants in arrears, the better the outcome.
- 4.5 During the arrears collection process CHL will give due regard to the customer's circumstances to enable us to address each case appropriately. We will use various methods to contact our customers including email, telephone calls, letters, visits, and text message.
- 4.6 CHL will promote a culture which encourages residents to talk to CHL as soon as possible if they are unable to pay their rent, service charge or other charges for whatever reason.

## **Vulnerable Residents**

- 4.7 CHL recognises that vulnerable customers may have multiple and complex needs that require intervention outside of mainstream income collection processes, and the severity and duration of a customer's vulnerability will vary on a case-by-case basis.
- 4.8 All resident facing colleagues at CHL will pay due regard to the presentation of risk factors during any customer contact. Risk factors should be explored with sensitivity for us to determine if the customer is considered vulnerable.
- 4.9 Example risk factors include but are not limited to:
- Domestic violence / abuse
  - Drug or alcohol dependency
  - Care leavers
  - Rehabilitation of offenders
  - Illness, physical and mental
  - Low levels of literacy, numeracy, or language skills
  - Age



- 4.10 On establishing a vulnerability Your Housing Group will consider steps appropriate to the needs of the customers. In some cases, standard processes will be most appropriate for the customer however in certain cases of vulnerability, CHL may take steps outside of mainstream collection procedures. This could include agreeing an extended period to repay the arrears which falls outside of normal time frames or applying extended breathing space delays to rent collection.

### **Support and Welfare Advice**

- 4.11 CHL also recognises that financial crisis and/or multiple debts may lead to a customer becoming vulnerable. Our internal Income and Tenancy Sustainment Teams provide free advice regarding benefits, debt and money management. In addition, CHL will signpost customers to external debt advice agencies, affordable credit providers, low-cost fuel suppliers and provide information on how to open back accounts and budget effectively.

- 4.12 CHL will:

- Offer basic budgeting and financial advice to help tenants manage their household income.
- Provide up-to-date information on benefits and help with claiming Universal Credit or Housing Benefit where appropriate.
- Refer or signpost tenants to specialist services, both internally and externally, for benefits, debt, or tenancy sustainment support.
- Raise awareness of any welfare reform changes and how these may affect tenants.
- Actively seek to prevent eviction, including working with local agencies to speed up payments where possible.

### **Universal Credit**

- 4.13 CHL recognises that Universal Credit may pose a risk to its customers who were formally in receipt of legacy-style benefits and is a significant change in that customers will receive a single monthly household payment. CHL will work with customers and the DWP to minimise the risk of customers losing their home by following the DWP's protocol by applying for direct payments where customers fall into significant arrears. (APA – Alternative Payment Arrangement).



4.14 To protect CHL's income stream and to support customers in remaining in their homes, CHL will apply for an Alternative Payment Arrangement (APA) to the Department for Work and Pensions (DWP), requesting the housing cost element of the customers Universal Credit claim to be paid direct to the landlord in the following circumstances:

- Claimant is currently two or more months in arrears
- Claimant has been evicted for rent arrears and or failed a tenancy within the last 12 months
- Claimant is subject or threatened with eviction and or repossession
- Claimant is not in arrears but may have been within the last 12 months and was subject/threatened with eviction and/or possession
- Claimant is in significant arrears at the time of claim

4.16 Discretion will be used by the DWP as to whether this request is approved.

4.17 Alternative Payment Arrangements (APA's) can also be put in place to prevent arrears building or increasing if a customer has been identified as vulnerable

## **Housing Benefit**

4.18 To protect CHL's income stream and to support customers in remaining in their homes, CHL will follow the Government/HB guidelines when applying for Housing Benefit.

4.19 Benefit which is currently paid direct to a customer and who fall into arrears of eight weeks or more will be switched to the landlord. This will be done to protect the customers from putting their home at risk.

## **5. ARREARS RECOVERY ACTION AND LEGAL PROCEDURES**

### **Legal action**

5.1 Residents are deemed to be in arrears when they have missed one weekly rent payment. Residents will be encouraged to settle their arrears in full, and where this is not possible, CHL will negotiate a repayment plan to gradually reduce the arrears owed to avoid the need for legal action.

5.2 When calculating the agreement, CHL will consider the customer's circumstances of the household including their income, expenditure, and other outstanding debts.



- 5.3 CHL will offer the resident the opportunity to ensure that they are claiming all relevant welfare benefits to which they are entitled and provide them with money advice and/or signposting to free and independent money advice services.
- 5.4 All legal action should be taken in the correct format, in accordance with pre-action protocol, and within CHL's target timescales. The target dates for service of legal documents are:
- Notice of Seeking Possession (NOSP) escalation process may commence when accounts are in 6 weeks full rent arrears or had an arrears balance for more than 8 consecutive weeks.
  - Court application will be made when the level of debt is typically £950 or more
- 5.5 Legal action is taken as another way to encourage engagement and for a legal arrangement (court order) to be put in place to secure payment where other means have failed. There may be instances where the customer does not maintain their court order and CHL may proceed to eviction and gain possession of the property.
- 5.6 CHL see eviction as the last option in the arrears recovery process and will attempt to work with the customer to prevent this from happening. CHL aims to engage with residents through multiple channels to ensure they are given many opportunities to work with CHL to sustain their tenancy. CHL will also signpost the resident to external services with the aim to avoid homelessness once CHL gains possession of the property.
- 5.7 If a resident engages positively with CHL, CHL will not proceed to eviction on the grounds of rent arrears. Examples of positive engagement are:
- Responding to communication from CHL regarding rent or service charges and acting upon the request.
  - Maintaining their agreement and arrears consistently reducing.
  - Updating CHL colleagues with any change of circumstance which may impact their ability to pay and acting upon the guidance given by either CHL or an independent debt advice service.
  - Informing CHL when a payment commitment cannot be made with a genuine reason why and working with CHL to put a plan in place.
  - Attending appointments with services deemed appropriate which may improve the customer's financial position. These services could be internal, such as CHL's Tenancy Sustainment Team or Income team, or external partners, such as Citizens Advice or the Local Authority.





- Acting upon advice to contact the Local Authority or DWP to ensure their housing entitlement and/or benefits are maximised and processed.
- 5.8 The above will only be considered positive engagement if it is consistent and timely. The Rents Team Manager will determine whether a customer has been positively engaging and whether legal action to be taken, considering the customer's circumstances and any vulnerabilities.
- 5.9 All legal costs incurred by CHL as a result of any court action, will be recharged to the resident.

### **Bankruptcy Orders and Individual Voluntary Arrangements**

- 5.9 If a customer informs CHL that they are made bankrupt or is in an IVA, they are still liable for future rent and should pay it in the normal way as an 'essential payment'. Although the trustee can apply to the court for an Income Payment Order, in agreeing any figure to be paid over, the trustee must make an allowance for essential living costs, which includes rent.
- 5.10 If the resident is continuing in paid employment, it is considered that rent payments should be made in accordance with the tenancy. Similarly, in an IVA the customer is permitted to pay reasonable rent and living costs before they must pay the supervisor a contribution out of surplus income.
- 5.11 Bankruptcy and IVA status is no reason for the debtor to withhold payment of 'future' rent.
- 5.12 Unpaid service charge is treated in the same way as rent. It ranks as a debt in the Bankruptcy.
- 5.13 A customer cannot avoid enforcement of a possession order (eviction) because of their bankruptcy.
- 5.14 A bankruptcy debt will remain archived on the insolvency account for 12 months, after which time it will be written off.

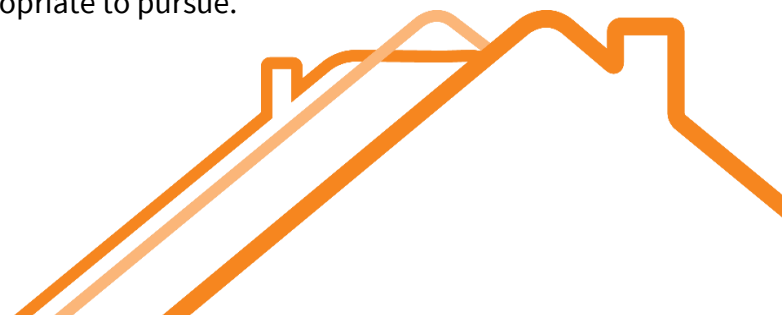


## Debt Relief Orders

- 5.15 This is an alternative to bankruptcy, also granted by the Insolvency Service and usually only lasts 12 months.
- 5.16 Arrears subject to a Bankruptcy or Debt Relief Order will be archived to an insolvency sub account for 12 months and then written off as per the process outlined above. Any court costs incurred prior to a Debt Relief Order being granted should also be written off as part of the 12 months rule.
- 5.17 In cases where there is no possession order and we do not wish to pursue possession of the property; we would transfer the arrears accrued up to the date of the Debt Relief Order to an insolvency subaccount newly created for a period of 12 months then written off as per agreed process.
- 5.18 If we have been awarded a possession order by the Court and then receive notification that a customer has been awarded a Debt Relief Order we would transfer all arrears accrued up to the date of the Debt Relief Order also to an Insolvency subaccount, however the customer must also be advised that their home may still be at risk.
- 5.19 Should a customer's account after a Bankruptcy or Debt Relief Order being granted go into credit we cannot offset this against the insolvency debt or even suggest to the customer that they pay it off any debt owed to us as this would make us a 'preferential creditor.' The customer should be advised to notify the administrator of the Bankruptcy who should then allocate the money accordingly.

## Former Tenancy Debt

- 5.20 In cases of former tenant debt CHL will:
- Where a customer moves within CHL, CHL will seek a repayment plan ahead of granting a new tenancy for any debt held, this will be monitored through their rent account alongside their current charges and will be a conditional term within their tenancy agreement.
  - Have processes in place to ensure that contact is made before a tenancy ends to clear any outstanding balance or make a payment arrangement.
  - Have effective procedures and processes in place for debt write off where the debt is uneconomic or inappropriate to pursue.



- Ensure a mechanism for proposed schedules of write offs to be authorised (in accordance with Standing Orders) and written off by the Finance Team on at least a quarterly basis.
- Employ a reputable debt collection agency where CHL is unable to recover the debt, and it is appropriate to do so.
- CHL will consider legal enforcement of former tenant debt and will treat each case on its individual circumstances.
- Where a debt is written off, CHL may at a later time still seek recovery of this debt, e.g. where a former customer is untraceable, if contact is later made, CHL may seek repayment of the debt or a payment arrangement.

5.21 In accordance with the CHL Allocations and Lettings Policy Access to Housing Policy CHL will not let a home to a former tenant where there is a former debt on the account unless the debt is cleared, or a suitable payment arrangement is in place and being adhered to.

## 6. MONITORING AND REVIEW

- 6.1 CHL aims to ensure the effective management of the income management and will identify trends or areas of concerns which may change the delivery of this service.
- 6.2 The Executive Leadership Team will receive regular reports on performance, potential changes and any learning points identified.
- 6.3 This policy will be reviewed every two years unless legislation or best practice requires further change.



## DIVERSITY & INCLUSION

CHL are committed to treating all people with fairness and respect. CHL aim to create an inclusive environment where people are treated with dignity, inequalities are challenged, and we anticipate and respond positively to different needs and circumstances to enable individuals to achieve their potential and foster good relations within the communities we serve. CHL want to be recognised as an organisation delivering fair, inclusive, accessible services and an employer and partner of choice.

When applying this policy, CHL will act sensitively towards the diverse needs of individuals and to reduce discrimination and harassment by making reasonable adjustments such as:

- eliminating discrimination – by providing support to those who need it and information in accessible formats and languages on request.
- tailoring the policy to meet both the specific needs of the individual, including those with additional support needs, and the diverse needs of the wider community
- advancing equality of opportunity – treating all tenants fairly
- fostering good relationships – listening to customers and responding appropriately
- compliant with all aspects of Equality & Diversity legislation, and specifically the Equality Act 2010.



## REFERENCE DOCUMENTS

This It is important to read this policy in conjunction with the other relevant CHL document and legislative listing below:

- CHL Tenancy Policy
- CHL ASB Policy
- CHL Domestic Abuse and Sexual Violence Policy
- Relevant Housing Acts as amended by the Localism Act 2011
- The Regulator of Social Housing's Consumer Standards
- The Domestic Abuse Act 2021
- The Equality Act 2010
- Social Housing Act 2023
- The Prevention of Social Housing Fraud Act 2013
- Welfare Reform and Work Act 2016



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