

Report for: Cabinet

Date of Meeting: 9th July 2024

Subject: **REVIEW OF THE MID DEVON HOUSING (MDH)
INCOME MANAGEMENT POLICY**

Cabinet Member: Cllr Simon Clist Cabinet Member for Housing,
Asset and Property

Responsible Officer: Simon Newcombe – Head of Housing and Health

Exempt: None

which are Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

Wards Affected: All

Enclosures: Annex A – Income Management Policy
Annex B – Income Management Policy Equality
Impact Assessment

Section 1 – Summary and Recommendation(s)

This policy sets out the principles and the overall approach that Mid Devon Housing (MDH) takes to collect rent, service charges and other payments, prevent arrears, manage arrears and ensure that effective and appropriate action is taken to sustain tenancies and maximise income/reduce debt. The policy applies to all properties owned and managed by MDH, including properties let on tenancies, licenses and leases.

Consequently, the policy must achieve a fair, transparent and balanced approach and revisions have been made to ensure there is even greater clarity around different circumstances of debt management including tenant and landlord responsibilities. It has also been updated to reflect current, highly effective income management practices that have evolved in recent years including early engagement with tenants.

MDH encourage tenants to contact us at the earliest opportunity if they are experiencing financial difficulty so that our officers can assist them to sustain their tenancies and keep their homes.

Recommendation:

- 1. That Cabinet adopt the updated MDH Income Management Policy and Equality Impact Assessment contained in Annexes A and B respectively as recommended by Home PDG.**

Section 2 – Report

1 Introduction

- 1.1 Under the Transparency, Influence and Accountability Standard, The Regulator of Social Housing (RSH) requires all registered providers (RPs) to provide tenants information about Landlord Services which includes rents and service charges payable by tenants.
- 1.2 The RSH expects registered providers to use a co-regulatory approach and they regard councillors as responsible for ensuring that providers' businesses are managed effectively and comply with all regulatory requirements. Consequently, it is important that councillors approve the relevant policy approaches adopted by MDH.
- 1.3 The Social Housing (Regulation) Act 2023 has significantly changed the regulatory framework for social housing and introduced a new proactive, consumer regulation regime focussed on meeting the needs of tenants. One aim of the legislation and regime was to ensure that providers of social housing, such as the Council treats its tenant with respect.
- 1.4 These new standards are there to ensure people feel safe and secure in their homes, can get problems fixed before they spiral out of control, and see exactly how well their landlord is performing giving tenants a stronger voice.
- 1.5 As part of the new consumer regulation regime the RSH introduced a series of 22 mandatory Tenant Satisfaction Measures (TSMs) creating a new system for assessing how well social housing landlords in England are doing at providing good quality homes and services. These measure include those applicable directly to building safety as well as those based on tenant perception surveys setting out tenants views on our performance.
- 1.6 The TSMs most directly associated with this Policy are:
 - TP01 - Overall Satisfaction
 - TP08 - Agreement that the landlord treats tenants fairly and with respect
 - TP09 - Satisfaction with the landlord's approach to handling of complaints

2 Review of the Income Management Policy and changes

- 2.1 The previous Income Management Policy was adopted in 2015 and was due for review in 2019. Since then the regulatory regime has changed and the RSH has introduced measures to ensure that RPs put tenants at the heart of everything they do. Additional approaches were adopted during the Covid pandemic which increased both informal and formal early engagement with tenants in order to reduce arrears, increase collection rates and overall, help sustain tenancies which has been highly successful.
- 2.2 This has led a core review of the Income Management Policy to reflect these positive changes and existing practice.
- 2.3 Despite a cost of living crisis and relatively high social rent increases set by Government in recent years these regulatory and practice changes have led to annual rent recovery being sustained at a high level (97.79% for 23/24).
- 2.4 Having a dedicated income management team in place within MDH has several benefits over a more generic approach:
- Dedicated focus on MDH tenancies and MDH accounts
 - Bespoke or tailored processes
 - High levels of early engagement that underpin landlord role and support requirements of social housing consumer standards
 - Effective working relationships with tenants
 - Close working with wider Neighbourhood Officers to understand tenants and broader estate issues – consistency of tenant engagement and shared awareness across tenancy issues and contact points
 - Experience in working with vulnerable residents
- 2.5 MDH will only evict tenants as a last resort and our Officers are trained to be able to assist tenants sustain their tenancies and provide solutions to their debt management issues. The revised policy enforces this standpoint and offers tenants who do engage with us the assurance that we will seek solutions that are sustainable for them and for MDH.
- 2.6 MDH also work in partnership with agencies to facilitate the provision of independent advice to tenants about money management, debt, housing and welfare benefits.
- 2.7 Court action will be taken as a last resort when extensive efforts to engage a tenant have been exhausted. However, where tenant will not pay their rent and fails to engage, MDH will progress court action.
- 2.8 The revision of the existing Policy also includes further definition of responsibilities to ensure that all stakeholders are clear about accountabilities.
- 2.9 MDH will review this Policy every 5 years and as required to address legislative, regulatory, best practice or operational issues.

3 Preventative Measures

- 3.1 The most effective way for tenants to manage their money is not to get into debt in the first instance. MDH take preventative measures to reduce any arrears and prevent them from escalating. We take prompt and effective early action as needed, with an emphasis on early intervention, personal contact and supporting new tenancies to prevent arrears.
- 3.2 Tenants are contacted as soon as their rent account falls into arrears. They are expected to work with us as soon as there is a missed payment. All staff are trained in basic debt advice and can offer advice and assistance to any tenants falling into arrears, making arrangements with them to pay off the debt rather than seeking possession action where it is appropriate to do so.
- 3.3 When an offer of accommodation is accepted, the prospective tenant will be provided with clear information on their responsibility to pay rent on time, payment methods available to them, how to claim benefits for housing costs and the amount of rent and other charges payable.
- 3.4 Tenants will be given the opportunity to be signposted to agencies that provide financial and debt advice where it has been identified that they may need assistance.

4 Performance

- 4.1 As set out above, the year-end performance for 23/24 rent collection in the HRA (Housing Revenue Account) is 97.79%. This compares to 97.59% for 22/23.
- 4.2 This can be further compared using Housemark sector data for all RP types including councils for 23/24 year to date (February 2024). This sets out that average sector collection rates were 96.88% and upper quartile was 97.64% making MDH one of the best performing RPs nationally for income collection.
- 4.3 In context, with nearly 3,000 tenancies, just seven tenants (0.2%) were evicted on grounds of rent arrears during 23/24 where all forms of engagement ultimately failed to address significant non-payment and arrears.
- 4.4 This combination high collection rate versus a very low eviction rate highlight the effectiveness of current HRA income and tenancy management approaches as set out in the updated Policy.

5 Consultation

- 5.1 Tenants and members of the Homes PDG were invited to comment on the draft policy between 1st April and 30th April 2024 and no responses were received.
- 5.2 Partner organisations Citizens Advice Bureau (CAB), Navigate, and Churches Housing Action Team (CHAT) were also invited to comment on the draft policy and no concerns were raised with broad support for the policy and practice set out.

5.3 Despite no response to the consultation from tenants, it is important that tenants are fully aware of the updated policy. To this end, should the policy be adopted, MDH will proactively signpost the policy on our webpages/Facebook pages and in the next tenant newsletter. Where relevant, particularly in relation to queries, service requests or complaints, we will also ensure specific tenants or other stakeholders are also aware of the updated policy as required.

6 Safeguarding and Vulnerable Tenants

6.1 MDH will continue to support and work closely with all tenants with arrears. Nonetheless, where a tenant is considered vulnerable, MDH will collaborate particularly closely with them to avoid possession action where possible, and each case will be referred to the Neighbourhood Team Leader Income and/or other (external) support services before any eviction order is sought.

6.2 Where a tenant has a protected characteristic (particularly disability), officers making decisions about taking possession proceedings will comply with the public sector equality duty. Officers taking decisions on possession proceedings will have received specific training on the duty and record their consideration in writing including all efforts to engage with the tenant and support services.

7 Recommendation

7.1 In accordance with the above, the following recommendation is made:

1. That the PDG recommends that Cabinet adopt the updated MDH Income Management Policy and Equality Impact Assessment contained in Annexes A and B respectively

Financial Implications

Rent collected is paid into the Housing Revenue Account for dwellings and garages/garage ground rent plots (GGRP) and car parking spaces. It is therefore important to maintain the revenue stream. However, as Council housing is designed to help those in housing need, there are many vulnerable people on low incomes living in our properties. As a result of this consideration must be given to individual circumstances when making decisions about tenancy enforcement action.

Legal Implications

The MDH tenancy agreement contains a clause which states that tenants are responsible for paying their rent and other charges on time. Rent is due on a Monday. The Housing Service offers tenants many different methods of payment and also accepts payments on a weekly, fortnightly or monthly basis as long as rent is paid regularly.

Having a clearly defined policy ensures consistency of approach and ensures that no tenant or resident is treated any more fairly or unfairly than any other.

Risk Assessment

Rental income accounts for the large majority of MDH's income. High inflation and real terms wage reductions have increased financial pressure on households and could result in an increase in arrears. Frequently this rental income is supported by government benefits such as Housing Benefit or the housing element of Universal Credit. Changes to benefits policy and the administration of benefits can have implications for providers' rent collection. Failure to appropriately manage rent collection and arrears can ultimately impact MDH's financial viability putting wider tenancies and tenant well-being at risk.

MDH will need to continue to ensure rental income risks are appropriately managed and can demonstrate that the implications of any potential issues, stress testing against falls in income and establishing mitigations for this are understood.

Impact on Climate Change

This policy will have no direct or obvious indirect impact on climate change.

Equalities Impact Assessment

MDH has a collection of housing related policies. The use of these helps to ensure that service delivery is consistent and fair. These are currently being reviewed with the aim of aligning them more closely with the Regulatory Standards.

Furthermore, there is a regulatory requirement for registered providers of social housing to tailor their services to meet the needs of tenants. MDH collects data on the diversity of tenants and endeavours to tailor services to meet the needs of all tenants and to enable compliance to be monitored.

Information provided by MDH is available in alternative formats, upon request, in order to ensure that all those living on our estates understand the rights and responsibilities of the Council as a landlord, and tenants and other residents, individually.

The Housing Ombudsman Service Complaints Handling Code which MDH adhere to also requires landlords to have an awareness of accessibility so residents are easily be able to access the complaints procedure via several routes.

The Equalities Impact Assessment for this policy attached to this report in Annex B.

Relationship to Corporate Plan

A stated aim of the Council is to deliver sustainable communities and support and grow active tenancy engagement.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Paul Deal

Agreed by or on behalf of the Section 151

Date: 31 May 2024

Statutory Officer: Maria De Leburne
Agreed on behalf of the Monitoring Officer
Date: 31 May 2024

Chief Officer: Simon Newcombe
Agreed by or on behalf of the Chief Executive/Corporate Director
Date: 15 May 2024

Performance and risk: Steve Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 24/05/2024

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Simon Newcombe, Head of Housing and Health
Email: snewcombe@middevon.gov.uk
Telephone: 01884 255255

Background papers:

Current Income Management Policy 2015
<https://www.middevon.gov.uk/media/114980/income-management-policy.pdf>

Social Housing (Regulation) Act 2023
<https://www.legislation.gov.uk/ukpga/2023/36/contents>