



Milton Keynes
City Council

Housing Income Collection and Maximisation Policy

2024
Version 1

Contents

Contents.....	2
Roles, Responsibilities and Delegated Authority	4
Objective	4
Income Maximisation	5
Approach to Income Collection	5
PREVENT	6
RESOLVE.....	7
RECOVER.....	7
Vulnerable tenants/licensees	8
Financial Inclusion and Capability.....	9
Third party deductions from benefits.....	9
Credit Balances	10
Other Charges	10
Unauthorised Occupancy.....	10
Bankruptcy and Debt relief orders.....	11
Breathing Space Moratorium.....	11
Former Tenant Arrears	11
Compliance and Performance.....	12
Complaints	12
Equality and Diversity	12
Data Protection.....	12
Review.....	12
Legislation, Related Policies and Other References.....	13

Introduction and Purpose

The Policy sets out the principles Milton Keynes City Council (MKCC) apply when collecting Housing related Income and supporting tenants to sustain their tenancies.

The Policy sets out the procedural framework for income management; income maximisation; and income collection for Council owned and run housing. The policy promotes transparent, equitable and sustainable rent and service charge setting and collection and provides a guide to tenants on the processes undertaken by the Council.

The policy sets out:

- How MKCC will manage the Income collection for its social and affordable housing stock
- How MKCC support the maximisation of tenants' income and support with tenants' income maximisation
- The best practice MKCC will follow in collection income.
- How MKCC will ensure decisions and actions are compatible with other related policies by ensuring a policy on management and maximisation is in place
- Confirmation of MKCC's commitment to the Regulator of Social Housing's (RSH) Rent Standard, ensuring that rent and service charges comply with Ministry of Housing, Communities and Local Government (MHCLG) Policy Statement on Rents for Social Housing, Regulator of Social Housing Consumer Standards, In particular Transparency, Influence and Accountability Standard.

Delivering an effective income collection service is crucial to MKCC's financial viability. To safeguard its position, the Council must endeavour to ensure that all rent & service charge payments are made in line with the obligations detailed in the tenancy agreement or licence.

Furthermore, MKCC has adopted the pledges outlined by the National Housing Federation, specifically by: -

- Keeping people secure at home.
- Helping people to get the support they need.
- Acting compassionately and quickly where people are struggling.

This document will be available on MKCC public access website and shared with Tenants and staff.

Scope

The collection of income related to residential accommodation within the Housing Revenue Account (HRA) and General Fund (GF), which includes:

- Council owned residential accommodation within the Housing Revenue Account (HRA)
- General Fund (GF) residential accommodation used for temporary accommodation and pitch fees for Gypsy and Traveller sites.
- Garage rents for HRA and GF
- Court costs associated with possession proceedings.
- Former tenant debt recovery.

Roles, Responsibilities and Delegated Authority

The relevant MKCC Cabinet Member will approve any policy decisions arising from the implementation of the policy on the recommendation of the relevant Director.

Authority is delegated to relevant Assistant Director to implement the policy and delegate authority to officers accordingly. Authority is delegated to the Service Delivery Manager for Housing Income and their delegated officers to develop procedures for income management.

Objective

The policy sets out the Councils approach to recovering Housing Income revenue and ensuring the protection of our vital revenue sources to enable on-going provision of services to tenants and customers, whilst maximising Income for our tenants.

MKCC's objective is to provide good quality housing, which is well-managed. It is essential that the income from rents is maximised and managed robustly to enable investment in the housing stock and services. It is also recognised that some tenants have a low income and are vulnerable, so it is important that this policy and the Rent and Service charge policy does not unduly disadvantage them.

The collection of income due and the minimising of arrears are vital to the future of MKCC. The rents and other income we receive enable us to:

- Fund repairs and improvements to our homes
- Provide community development services.
- Provide first class tenant services.
- Manage our homes and provide estate services.
- Build new homes for those in need.

When a tenant fails in their obligation to pay us on time, our aim will be to collect all the money owed to us by that tenant in a timely and efficient manner. By protecting our income stream, we will protect the future of MKCC and the services we provide to our tenants.

Income Maximisation

MKCC charges rent over a 52-week period every year. The rent year runs from the first Monday of April to the first Sunday of the following April. On years which have 53 Mondays, the weekly charge is arrived at by dividing the annualised amount by 53. All rents are payable weekly in advance.

The average rent for a Council property is included in the annual budget reports & schedules of fees and charges, which can be found here in the [Rent Affordability and Market Context Report February 2023](#).

MKCC will not change the rent charging regime unless it is in the interests of the Council and its tenants as detailed in the [Rent and Service Charge Policy](#). Tenants will be fully consulted before any change takes place.

The full rent and all relevant service charges will be applied to all properties that are currently occupied by a tenant. Tenants cannot opt out of any part of the rent or service charge for the property. An unauthorised occupant who has “tolerated trespasser” status will also be charged the full rent and service charge for the property.

Our overriding aim is to help and support tenants to sustain their tenancy and take enforcement action only as a last resort. We will always give every tenant in arrears the opportunity to repay the arrears in realistic instalments where this is essential, but we will always insist they see rent as the priority debt.

Approach to Income Collection

This policy and associated procedures set a framework for how we will approach income recovery. However, we recognise that as a provider of social housing we deal with a wide range of people in often very difficult circumstances, and the ultimate sanction of evicting someone from their home can have very serious long-lasting effects.

We do not wish our policy and procedures to provide a blanket approach and wish to ensure there is scope for discretion in exceptional circumstances. Our key principles and approach will always remain, but we may adapt procedures to suit the specific circumstances presented by a particular case.

MKCC strives to provide excellent services. To meet our commitments, we need to maximise our income collection. A key principle of our approach will be preventing rent arrears arising in the first place. All residents are expected to pay the rent that is due; this is a fundamental condition of our Tenancy agreements, Licences and Leases.

It is the responsibility of each resident to ensure that their rent and charges are paid in full. We recognise that occasionally tenants may have genuine financial difficulties and we will offer advice and support as set out in the Income Maximisation section.

We will operate a three-tiered approach, **Prevent, Resolve and Recover** across our residential accommodation ensuring everyone working for the Council appreciates the importance of collecting rent and being clear with tenants that paying rent needs to be their priority.

1. **Prevent** arrears from arising through communication, setting clear expectations and early intervention – where this is not sufficient.
2. **Resolve** arrears as quickly as possible through personal contact; support to tenants; and a clear course of action detailing consequences, but where this is not successful.
3. **Recover** arrears through swift and effective enforcement action.

The following defines the principles by which we will manage our income, collect arrears, and maximise tenant's income:

- Our policy will be implemented in a “firm but fair” way. We will be clear in our payment expectations with tenants and tenants, the consequences of not paying and how we will progress to recover the debt owed for rent through the county court.
- We will complement our approach to income recovery through dedicated Income Maximisation services to help tenants and residents prioritise their rent payments, maximise their income through benefit and provide advice and support with any other debt.
- Ensure we offer reasonable opportunities to repay debt considering individual tenants' circumstances.
- Not allow debt to increase to unmanageable levels and be proactive in our early intervention.
- Make tenancy sustainability our priority and eviction a last resort.
- The Council will in all cases undertake a case review before taking court enforcement action, we will always comply with the requirements of the Pre-action Protocol for Possession Claims by Social Landlords when considering court action.

We will help and support residents to sustain their tenancy, but we shall take a firm but fair approach whenever an account falls into arrears. Where necessary we will take legal action to recover monies owed to us as a last resort.

PREVENT

We will begin work with prospective tenants at the earliest possible stage to support and advise them to meet their obligation to pay rent. We will discuss rent payments with prospective tenants prior to the offer of a tenancy to ensure they are fully aware of their obligations and the need to engage with us if they have any changes to their income.

We will use all possible means to promote a good payment culture and the prevention of debt. This includes Working with other agencies including advice agencies and health and social care services to provide a co-ordinated service to tenants that helps them to meet their financial obligations and making it as easy as possible to make payment through a range of methods that fit with tenants' needs and lifestyles; we will encourage automated and online payments wherever possible.

RESOLVE

We will engage with tenants to resolve arrears problems as soon as they arise. We will seek to discuss, understand the root cause, and support residents to be able to repay the debt through managed formal payment agreements. We will always attempt to make direct contact with tenants as early as possible when arrears occur on an account and officers will aim to engage the tenant in identifying why the arrears have arisen and what is the best solution. Repeated use of the same intervention is unlikely to result in success so we will use a range of methods, both automated processes and personal contact.

At every opportunity we will discuss the tenants' circumstances and what has impacted their ability to pay and agree a manageable and sustainable repayment plan in the shortest possible time, which may include claiming welfare benefits; referrals to welfare benefits advisors or other actions that will help to resolve the tenant's financial position.

Negotiation of repayment plans will consider how the debt has arisen; the level of engagement demonstrated by the tenant; the tenants means, ability and intent to repay.

Our priority at this stage remains to engage with the tenant, understand the problem, and obtain payment. However, we will also seek to ensure they understand the consequences of non-payment or non-compliance with the terms of their agreement, which may lead to recovery action through the County Court which could ultimately mean taking possession of their home.

We will always give every tenant in arrears the opportunity to repay the arrears in realistic instalments, but we will always insist they see rent as the priority debt and request full payment as a starting point.

RECOVER

If our efforts to resolve the debt issue are unsuccessful, we will proceed with legal action to recover the debt in the swiftest and most effective way possible. Generally, this will be by applying for a Possession Order, but on occasion we may consider other means such as seeking an order for recovery from the assets or income of the tenant, if that is appropriate.

We will always follow the requirements of the Pre-Action Protocol for Possession Claims by Social Landlords which requires us to demonstrate we have been fair and proportionate

with any tenant we are taking to court, this policy is consistent with the protocol. In particular we will.

- Ensure the tenant is fully informed about the rent debt issue, our intention to apply to court, and the possible consequences of possession action.
- Ensure the tenant has all the information they need to know, how much they should be paying and where to obtain independent legal advice.
- Ensure the tenant is fully aware of the consequences of non-payment, for example County Court Order, potential exclusion from the Housing allocations register. For those in Temporary accommodation this could mean Discharging of our housing Duty to them.
- Consider whether the tenant has the mental capacity to defend possession proceedings.
- Consider whether there is any issue of discrimination that would breach the Equalities Act 2010
- Determine whether the tenant requires a care assessment under the Care Act 2014
- Consider whether our actions are fair and proportionate.
- Consider our actions in respect of Article 8 of the European Convention of Human Rights

We will progress legal action as speedily as possible. We will continue to seek to engage the tenant and will consider any option to suspend the legal action at any stage if there is an alternative means to recover the debt.

We will avoid evictions at any stage, even up to the date of the eviction, if the tenant will make a mutually acceptable arrangement to repay the debt or clear the breach of the original court order. However, the tenant must ensure that they do this through the formal legal routes of making an application to suspend the warrant through the courts three days before the execution of the warrant. We will not accept an offer or payment if the tenant has not followed the correct protocol through the county courts. All evictions will be approved by an appropriate senior manager.

Repayment of arrears and tenancy sustainability are the primary aims of this policy. Eviction therefore will always be a last resort after a tenant has failed to reduce their arrears or engage. Where eviction is unavoidable, we will proceed quickly to minimise the debt the tenant will be left with and the financial loss to MKCC.

Vulnerable tenants/licenseses

A proportion of our tenants are vulnerable, and this may affect their ability to manage finances effectively, maximise their income and pay rent and other bills. MKCC will be sympathetic to the specific needs of these tenants, however a tenant must see the rent, service charges and other sundry debt payment as a priority.

Tenants deemed to be vulnerable including those who are disabled by the Equality Act 2010 (e.g. elderly, disabled, mentally ill, those with learning difficulties, drug and alcohol abusers, young people leaving care) or where English is not a first language, may require additional support to understand what is required to maintain their tenancy and may be entitled to financial assistance that they may not be aware of and therefore have not applied for or may be refusing to apply for.

Our aim is always to sustain tenancies and help our vulnerable residents to be able to live independently. As a local authority MKCC has a number of statutory obligations to vulnerable residents and a broader role to promote the well-being of the whole community. In the process of collecting income, we will work together across different services of the Council to address these obligations. This includes co-ordinating action on individual cases to address the whole needs of the household rather than just the rent collection issues.

Issues of vulnerability will not deter the Council from taking recovery action if appropriate. The recovery route will be the same as for non-vulnerable tenants only this will run in tandem with appropriate support, assistance and liaison with other Departments and appropriate external agencies and with regard to the Equality Act.

All officers will be trained and aware of safeguarding issues. Where we identify signs of financial exploitation of a tenant, we will make a safeguarding referral and co-ordinate action with other relevant agencies.

At all stages officers have discretion to vary their approach according to the needs and circumstances of the tenant, provided that their actions are consistent and in the best interests of the tenant. Officers will consider any vulnerability and where appropriate, seek to refer the tenant to other agencies and services that can support them.

Financial Inclusion and Capability

We will support our residents to develop the best possible skills and ability to manage finances effectively and pay their rent and other bills. We will continue to have a dedicated resource of Income Maximisation Officers to support with residents to maximise their income; understand and manage income and expenditure; and be able to take control of their finances.

When we make agreements to repay debt, we will always make sure that the level of repayment is sustainable and affordable and does not put the tenant's health and well-being at risk.

Third party deductions from benefits

If a tenant/licensee is in receipt of Income Support or Universal Credit, the Council can apply to have payments made direct from this to the rent account to cover a set amount

towards any arrears or equally for the full Housing costs to be paid directly to MKCC. The tenant/licensee must be at least 8 weeks in arrears before direct payments are applied for, we will always seek agreement to this in writing from the tenant/licensee.

Credit Balances

It is our policy not to hold excessive levels of credit on rent accounts.

We will make refunds to tenants, provided that:

- We would not normally refund a credit if it would mean the account would fall into arrears before their next payment, typically this would be four weeks/one-month gross rent.
- The credit has not arisen as a result of payments from Housing Benefit or Universal Credit APA
- The tenant does not have any other debts to MKCC.

We will contact every tenant who has more than 12 weeks gross rent credit on their account, at least annually, to offer a refund.

We will offset recoverable debt from a credit balance before issuing a refund – this includes former tenant arrears, court costs, chargeable repairs, and Housing Benefit overpayments. We will not normally refund credits that are statute barred and have been written on to our financial accounts.

Other Charges

Across the range of tenures, we recognise that sometimes there are other debts owed to the Council other than rent arrears. Such debts could include a rechargeable repair, court costs, water/heating costs etc. MKCC will pursue such debts following appropriate procedures and maintaining a firm but fair approach to income recovery but with current tenancy debt taking priority.

Payment of the service charges is a condition of tenancy and possession action can be taken for non-payment of charges, in the same way as for rent payment.

Licence holders on our Gypsy and Traveller sites will have a pitch fee associated with their licence agreement, such fees will be recovered in accordance with our collection procedures and all services to support that in relation to benefits advice will apply to Gypsies and Travellers, and they will have the same access to these services.

Unauthorised Occupancy

For properties that are occupied by someone who is not a legitimate tenant but has tolerated trespasser status, the use and occupation charge will be equivalent to the weekly charge that would apply if the property were tenanted. This policy will apply in terms of Income collection and our dedication to support occupiers manage their finances and maximise their income.

Bankruptcy and Debt relief orders

Occasionally, tenants with arrears may seek to have the debt included in a Debt Relief Order (DRO) or other form of Bankruptcy proceedings. This could mean that such arrears become uncollectable. However, action for eviction can still be sought against an insolvent tenant, but any rent arrears listed within a Bankruptcy Order or Debt Relief Order cannot be part of the possession order.

In this event the Council will follow the necessary actions as set out by the insolvency services to remove the debt included in such orders from the main rent account and placed onto a sundry account, where necessary this debt will be written off in conjunction with the Finance Business Partner being satisfied that protocol has been adhered to.

Breathing Space Moratorium

The Debt Respite Scheme (or Breathing Space Initiative) aim is to help those with problem debt find long term solutions to their financial issues by providing a period of legal protection from their creditors, alongside support in the form of debt advice.

If MKCC is informed by the Insolvency service that a debt owed is in breathing space, all action must stop related to that debt and apply the Breathing Space protections. These protections must stay in place until the breathing space ends. We will refrain from contacting the debtor to request repayment of the debt in most instances and halting enforcement action to recover the debt by ourselves or an appointed agent.

A tenant will still have a liability to pay current ongoing charges, but all action relating to their debt already accrued, as set out in Moratorium, must stop in accordance with the Breathing Space protections.

Former Tenant Arrears

It is always our aim to ensure that rent accounts are clear of debt at the point a tenancy/license ends. However, where there are former tenant arrears, it is our policy to pursue recovery of these as far as practically possible and for as long as it's in the financial interests of the Council to do so.

We will use a range of methods to trace former tenants and seek to recover arrears. This may include the use of credit referencing databases and may include referral to external collection agencies.

We will consider writing off former tenant's debt if we have pursued all reasonable means to recover and it would not be cost-effective to take further action.

Debt that is written off can be re-activated, and we will do so if it is in the interests of the Council to do so, for example if a former tenant debtor is subsequently rehoused or applied for rehousing with the Council.

Compliance and Performance

An annual budget report is made to Cabinet. This will set out the projected income for the HRA and GF which will demonstrate that the proposed rent levels comply with this policy.

- The service's performance on income collection is reflected in KPIs reported quarterly to the HRA Landlord Board, CLT and the Cabinet Member.
- The service will also set internal performance indicators and targets that reflect the aims of this policy and will show how well it is performing against those expectations.
- The service will also seek to make use of benchmarking data and external challenge to assess performance. The service is subject to internal audit from time to time which identified areas of risk and makes recommendations for change.
- MKCC will also publish an annual report to tenants, which includes information about service performance, including performance on income collection.

Complaints

Complaints about the application of this policy can be made under the MKCC complaints procedure. Full information on how to do this can be found at <https://www.milton-keynes.gov.uk/your-Council-and-elections/comments-compliments-and-complaints>

Equality and Diversity

An Equality Impact Assessment has been completed for the policy.

Council housing tenants are more likely to be vulnerable and disadvantaged than the general population. At any one time 3,500-4,000 tenants are in arrears and these are the tenants who are most affected by the policy on income collection. The focus on supporting tenants to manage finances and maximise their income will generally be of benefit to this group of tenants.

Data Protection

The Council will hold all information about tenants in a secure manner in line with data protection legislation applicable to the Council.

The Council is subject to the information disclosure requirements of the Data Protection Act 2018. The administration of this Policy will ensure compliance with this legislation. For further information please reference the Council's *Data Protection Policy*. Tenants will be advised of their right to make a complaint to the Office of the Information Commissioner if they believe the Council has failed to fulfil its obligations and responsibilities as set out in the Data Protection Act 1998.

Review

This policy will be reviewed upon change in legislation and in any event every 3 years.

Legislation, Related Policies and Other References

Key documents referenced within the policy are:

- [Landlord and Tenant Act 1985](#)
- [Housing Act 1985](#)
- [Housing Act 1996](#)
- [Localism Act 2011](#)
- [Welfare Reform Act 2016](#)
- [Care Act 2014](#)
- [Homeless Reduction Act 2017](#)
- [Service Charges \(Consultation Requirements\) \(England\) Regulations 2003](#)
- [Policy Statement on Rents for Social Housing, MHCLG February 2019](#)
- [Pre-Action Protocol for Possession Claims by Social Landlords](#)
- [Rent and Service Charge Policy 2023](#)
- [MKCC Tenancy Policy 2022](#)
- [MKCC Tenancy Strategy 2022](#)
- [Housing Allocations Scheme](#)
- [MKCC Complaints Policy and Procedure](#)
- [The Rent Standard](#)
- [Consumer Standards: Transparency, Influence and Accountability Standard](#)
- [Repairs & Maintenance Policy 2024](#)