

Income Management Policy

Policy Statement & Purpose

This policy sets out the approach adopted regarding the collection of income and recovery of arrears owed to the Bromford Group, and any related activity.

The policy aims to ensure Bromford:

- Delivers a fair, respectful and courteous income collection service to an excellent standard
- Delivers an effective, robust service to customers which considers and adapts to their needs and circumstances, promotes trust and provides appropriate support, advice and assistance
- Minimises the loss of income owed to the organisation, collecting income effectively and promptly
- Ensures a strong emphasis is given to early intervention and preventing arrears
- Enables customers to thrive, maximising their income, and enabling them to manage their payments and any arrears
- Gives customers every opportunity to maintain their tenancies and prevent unnecessary evictions
- Complies with relevant regulatory and legislative requirements
- Develops a payment culture with all customers
- Supports Bromford in delivering sector leading performance for income collection and customer satisfaction
- Tackles tenancy fraud and money laundering where appropriate within the process
- Provides clear, simple information and correspondence and supports customers to understand their charges and account information
- Ensures colleagues managing accounts are appropriately experienced, trained and kept informed of any legislative, regulatory and external environment changes relevant to customers and income collection
- Manages performance of arrears both at an organisational and individual level, and publish transparent reporting information for governance, management, benchmarking and customer scrutiny purposes
- Provides opportunities for customers to scrutinise and influence the service delivered

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1. Scope

Bromford has a diverse stock of housing and tenure, with an estimated annual income of over £260m. This policy applies to the management and recovery of all customer-related property and tenancy charges owed to Bromford.

This will include income collected in relation to the following tenures:

- Rented customers including:
 - General needs
 - Housing for older people
 - Supported housing, including specialist supported housing and temporary accommodation
- Shared Ownership
- Leasehold
- Freehold
- Garages
- Parking spaces
- Former tenants
- Non-Bromford customers using Bromford delivered services
- Sundry debts

The policy applies to income collected for:

- Rent
- Service charges including utility charges
- Support charges
- Ground Rent
- Recharges
- Planned, major works
- Legal fees
- Other sundry charges

2. Reference Materials

List of Referenced Documents
Income Management Knowledge Based Articles (KBA)
Income Management Procedure
Income Collection and Account Management Service Standard
<u>Rent and Service Charge Setting Policy</u>
<u>Lettings Policy</u>
<u>Tenure Policy</u>
<u>Mutual Exchange Policy</u>
<u>Complaints Policy</u>
<u>Operational Financial Regulations Policy</u>

3. Responsibilities

The **Director of Income and Lettings** has overall responsibility for this policy and any associated risks and controls.

The Head of Income is responsible for keeping the policy up to date, it's implementation and team adherence, and has overall responsibility for ensuring all processes used in the day-to-day operation of the policy are fit for purpose.

Income Management Team Leaders are responsible for the day-to-day operational delivery of the policy and its accompanying procedures across a set geographical area.

All **income management colleagues** are responsible for acting in line with the principles of this policy and associated methodology, tools, and systems.

4. Legislative or Regulatory Requirements

This policy has been developed with regards to the following legislative and regulatory requirements:

- The Homes England Regulatory Framework
 - The Rent Standard
 - The Tenancy Standard
 - Transparency, Influence and Accountability Standard
- Ministry of Justices Pre-Action Protocol for Possession Claims based on Rent Arrears
- Housing Act (1985, 1988 & 1996)
- Landlord and Tenant Act 1954
- Commonhold and Leasehold Reform Act 2002
- Welfare Reform Act 2012
- Welfare Reform and Work Act 2016
- Localism Act 2011
- Renters Rights Bill 2025 (pending Royal Assent and implementation)

5. Principles

5.1 Our approach to managing income collection

Collecting income is essential for the effective operation of the business in providing services to customers. We rely on this income to provide services, repay loans to support the building of more homes, to fund maintenance and improvements, and support various initiatives.

We aim to address accounts that fall into arrears as quickly as possible, to give customers the best possible chance to resolve any issues with their account, before the situation escalates and becomes unmanageable or overwhelming. Early intervention is the most effective way to reduce arrears and sustain tenancies.

- We will follow a fair, robust process which gives the customers ample opportunity at every stage to work with us to find a resolution and sustain their tenancy. We will work with them to find affordable repayment plans and will provide support if needed to claim any benefits they may be entitled to. Sadly, despite our best efforts, there will inevitably be some cases which will reach more serious arrears levels, where the legal process must be instigated, and eviction may eventually result. Bromford is committed to only ever carrying out an eviction as a last resort, and only once all available opportunities to the customer have been exhausted.
- We know that being in financial difficulty has a significant impact on health and wellbeing, and can cause customers a lot of distress, particularly for our more vulnerable customers who may be trying to manage a number of other, often complex, issues.
- Without the ability to put a name to a face, many customers will fear the worst and avoid contact until they reach crisis point. Therefore, we have a process which includes face-to-face contact through home visits at a number of stages. This is aimed at building good relationships with our customers where they get to know the IMA managing their account, can build trust, and feel supported and able to reach out for help whenever they need it most, minimising the risk of them burying their head when they get into difficulty financially. We are also aware that many of the challenges the customer may be experiencing, may not be obvious over the telephone and can often be identified during a home visit.

5.2 Vulnerable customers and customers with diverse needs

Our face-to-face approach to arrears management ensures we get to know our customers and their circumstances well, which helps inform how we manage their arrears and any next steps.

We will ensure:

- IMAs will check if there are any known customer vulnerabilities or special requirements recorded within our system and will liaise with any 3rd parties who may be supporting or representing the customer, as required.
- Make any possible reasonable adjustments to ensure the customer can access and receive the service
- Income team members are considerate of any customer needs or protected characteristics
- All correspondence offers the option for a home visit
- Carry out joint visits with the Neighbourhood Coach or an external 3rd party if the customer requests for them to also be present
- Any temporary customer circumstances are also taken into account and sensitivities handled with care
- Assist customers to complete benefit forms where they may be unable or too vulnerable to do so, or liaise with benefit agencies on their behalf (where permission has been given)
- Work with a translation service, interpreter friend or family member if English is not the customer's first language

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- To carry out home visits at a time which is convenient to the customer and agreed in advance
 - Ensure all income management team members complete all relevant training

5.3 Preventing customer arrears

Bromford will firmly establish a payment culture with all customers and collect income promptly and where the tenancy allows, in advance. This will be achieved via:

- Instilling a payment culture in new customers at their starting well meeting and agreeing payments in advance prior to the tenancy starting
- Ensuring customers can easily access their account online or request a statement when required
- New customers will be:
 - Offered basic budgeting guidance and signposted to external debt advice (where appropriate). The level of guidance offered by Bromford will be no more than generic to maintain compliance with the requirements set out by the Financial Conduct Authority
 - Assisted to complete relevant benefit applications
 - Informed about payment methods available, promoting digital or online transactions
 - Advised of the required sign-up payment
 - Informed of future changes to benefits that may affect them
- Supporting existing customers to move towards paying their rent in advance using affordable payment plans
- Building trusting relationships with all customers using the coaching approach to ensure we can offer early support when a customer has a change of circumstances that impact on their ability to sustain their tenancy

Bromford will:

- Provide customers with Welfare Benefit advice including interim calculations of benefit entitlements
 - Support customers to maximise their income by assisting with claiming additional benefits and grants etc. and challenge benefit decisions to minimise further income loss
 - Ensure customers are promptly advised of any changes to their charges and required payments
 - Contact customers at the earliest opportunity when they fall into arrears or their circumstance change
 - Serve a Notice of Seeking Possession (NSP) when the outstanding arrears total equates to four weeks of rent payable or £600 (whichever is lower) unless there are extenuating circumstances
 - Commence court action at the end of the NSP expiry period if the arrears remain outstanding and the customer has failed to take appropriate steps to reduce the arrears. Where there are extenuating circumstances (e.g. it has been confirmed that there is a pending application for benefits and the benefit is expected to clear the account) court action will not be commenced
 - Request a Suspended Possession Order at the initial court hearing in respect of all tenancies (unless there are extenuating circumstances) and this will be pursued where the tenancy is in breach of that order. All requests for court action are made by an income management advisor (IMA), who will ensure that all appropriate procedures have been followed
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- Where appropriate liaise with the Local Authority and/or DWP regarding benefit claims to customers. Bromford will provide information such as the rents and service charges, tenancy information, and customer information where appropriate
 - Minimise evictions and avoid taking repossession action wherever possible. Bromford will always work with the customer to explore every possible solution with eviction being the last resort
 - We reserve the right to use mandatory possession options for rent arrears, where no other resolutions are available. The use of which will need approval from the Director of Income and Lettings before issue.

5.4 Current arrears

Bromford will provide personal contact to all customers who fall into arrears at the earliest opportunity, ensuring that support and guidance is readily available to help customers maximise their income and help prevent arrears increasing.

The customer will be interviewed in person wherever possible at certain key stages (as outlined in the procedure), this includes pre-court and pre-eviction home visits with their IMA and a senior income leader if required.

At all stages of the arrears process, Bromford will make available:

- Face to face contact with the customer in their own home, if a home visit is not appropriate then an office appointment will be offered
- Access to an allocated IMA to provide solutions to address their arrears, help maximising income and benefits, and assistance with budgeting skills
- Signposting to independent money advice from external agencies
- For higher level arrears, an income and expenditure assessment with a view to making an affordable repayment plan
- Advice and assistance to submit applications for funds such as the discretionary housing payment funds, benevolent funds, and any other available hardship funds and grants, where financial assessments demonstrate that a customer may qualify

Current arrears - Grounds for Possession

In cases of increasing arrears where customers are not engaging with officers or resolving the situation, Bromford will take legal action to repossess the property under the tenancy agreement using grounds 10 and 11 within schedule 2 of the Housing Act 1988.

At all stages of the legal process, customers will be informed of the reasons for the actions, the implications of the action and the support and advice available from both Bromford and external partners.

For cases where the payment of former tenancy arrears and other debts such as recharges or court costs are written into the customer's tenancy agreement, possession will be sought using ground 12 within schedule 2 of the Housing Act 1988.

Bromford usually uses possession action to recover rent arrears, but for other types of arrears or where it is deemed appropriate, may pursue other legal remedies such as attachment of earnings, warrant for possession of goods or money judgements where repossession is inappropriate.

Eviction applications for arrears will require 1st stage approval from an income management team leader (IMTL) and must have 2nd stage approval by either the Head of Income or Director of Income and Lettings. Prior to any eviction application, a home visit will be carried out by the IMA and IMTL

to ensure all possible recovery options have been exhausted, all circumstances have been considered and that the eviction is the appropriate course of action.

5.5 Other arrears

Customers may have more than one account in arrears with us. When discussing arrears with the customer they should be made aware of their total balance and an affordable payment plan agreed to pay off the arrears in the following priority order:

1. Main account for their current address
 - a. Rent and service charges
 - b. Court costs
2. Any former residential account
3. Any other account including former garage, sundry, and recharge

Bromford will not allow customers to rent garages where other arrears remain outstanding to Bromford. Where this occurs, unless the current arrears are cleared, steps will be taken to terminate existing garage licences and the garage will be offered to another customer.

5.6 Management moves

Where a customer has arrears on their account which are being incurred due to an under-occupation penalty or high rent charges, and staying in the current property will only exacerbate the situation, we may consider a request for a management move to an alternative property.

An affordability assessment will be completed along with a review of the customer's circumstances. If an appropriate, smaller or more affordable property becomes available which will ease the customer's financial situation, we may consider supporting the customer to move.

Any moves will be subject to the current tenancy having been conducted in a satisfactory manner and the prioritisation of other customers awaiting housing. Bromford is under no obligation to arrange a move in these circumstances.

Where an internal move is agreed, the arrears on the current account will remain payable and will be written into the tenancy agreement for any new tenancy issued.

5.7 Credit balances

Some customers are required to pay their rent in advance, where the tenancy agreement does not stipulate this requirement customers will be encouraged to bring their account into advance.

All accounts will be monitored regularly to ensure excessive credit balances are not allowed to accumulate, there may be special circumstances where large credit balances are permitted however these will only be at the request of the customer and in agreement with Bromford.

5.8 Refunds

When issuing refunds, all accounts held by the customer will be checked for arrears balances. Any arrears owed to Bromford will be deducted from the balance prior to the refund being issued, this may include transferring a credit balance to another account. Where no other arrears are outstanding, we will attempt to refund to the customer. In cases of former tenancy credit balances where the customer fails to respond to attempts to contact or is untraceable, the credit will be written off.

One month's credit will be left on the account where the tenancy agreement requires rent to be paid in advance.

5.9 Leaseholders & shared owners

Leaseholders and shared owners may be charged ground rent, rent or service charges in line with their lease, payment terms are specified within the lease. Charges may be applied monthly, weekly or annually.

Leaseholders may face large costs for major works carried out to the building in which their property is situated. All charges will be apportioned under the terms of their lease. Where these costs are incurred, and there is no sinking reserve fund available, these costs will be added to their main account.

If a leaseholder or shared owner is in financial difficulty, we will work with them to develop an affordable payment plan.

Where leaseholders or shared owners fall into arrears, Bromford will initially liaise with the customer to resolve the arrears. If the account balance continues to escalate, Bromford will seek to recover arrears by contacting the mortgage provider where applicable. In many cases the mortgage provider will seek to clear the balance on the account (or capitalise) to prevent legal action and will add the arrears cleared to the mortgage balance.

Bromford has the right of forfeiture on leasehold properties and can take possession action on shared ownership properties, but this will be used as a last resort and after all other actions have failed and other recovery options exhausted.

5.10 Commercial Customers

Commercial rent and service charges are applied in accordance with the terms of the tenant's lease. Where applicable, deposits are payable by commercial customers and are taken at the commencement of their lease.

In the case of commercial arrears, Bromford has the option to use the deposit to pay off the arrears and require the commercial lessee to 'top' up the deposit. If a commercial lessee is in financial difficulty, we will work with them to develop an affordable payment plan.

If an arrears situation cannot be resolved, Bromford will seek to recover arrears using all available recovery options, taking legal action to terminate the lease as a last resort.

5.11 Freehold, former tenancy arrears, other sundry, or recharge arrears

Wherever possible Bromford will include former tenancy arrears within the terms and conditions of any newly issued tenancy agreement where the customer has moved to another Bromford property. These arrears are then recoverable under Ground 12 of the 1988 Housing Act and can therefore be enforced against the current tenancy.

Where this is not possible and the customer has left Bromford, we will pursue these arrears through the money judgement route and all other recovery options available.

The same process will also be used for sundry, recharge, and freehold arrears where possession action is not an option.

5.12 Debt relief orders (DROs) and bankruptcy orders

A DRO is a way for a customer to deal with their debts if they cannot afford to pay them back. If arrears are included in a DRO, it means that the arrears are frozen, and the customer will not make payments towards them for a specified period of time (usually 12 months). At the end of this period if the customer's financial circumstances have not changed, the arrears included in the DRO will be written off by the official receivers and the customer cannot be pursued legally by creditors to repay them.

If a customer's circumstances change during this period, then the DRO may be revoked, and the customer will be expected to pay the arrears.

To ensure arrears are kept to a minimum and colleague time is only spent on recoverable arrears, where a customer includes current arrears (where there is no court order) and/or a former arrear in their DRO, Bromford will write off the balance stated in the order at the point the DRO is awarded. Where the balance on the account is lower than that stated on the DRO the balance on the account will be written off instead.

A court order over-rides a DRO, therefore if there is a current court order in place, the amount in the DRO will not be written off. The customer will need to continue to honour their court order payment terms to avoid possession action and risking losing their home. This does not apply to a former account that has a money judgement in place, therefore these will also be written off.

If we are notified of an improvement in the customers financial circumstances during the period in which the arrears are frozen and after Bromford has written the arrears off, the arrears will be reinstated back to the account and recovered in full.

Under joint and several liability, if only one party of a joint tenancy obtains a DRO, the debt will remain payable in full by the remaining joint tenant.

5.13 Write offs

Where an arrears balance is deemed unrecoverable, uneconomical to pursue, the customer is untraceable or has passed away with no estate, Bromford will write off the outstanding arrears.

Before any write offs are processed, all attempts to recover the arrears using all means possible will be explored and evidenced by the colleague before authorisation of the write off is given.

5.14 Monitoring and reporting

IMAs will identify cases of arrears promptly and will review accounts on a regular basis and will take relevant action as per the income management procedure.

If a customer fails to pay in advance where this is a requirement of the tenancy agreement, resulting arrears will be managed through the arrears process in the normal way as this will be deemed a breach of tenancy.

Where a customer had held multiple tenancies, they may also have arrears sitting on multiple accounts. In this scenario the IMA will prioritise arrears in the order shown below:

1. Current rent or service charge arrears
2. Court costs relating to current arrears
3. Former tenancy rent and service charge arrears
4. Former tenancy court costs
5. Other debts relating to recharges or sundry arrears

Current arrears are monitored and reported based on the current balance 'net' of any housing benefit due. This removes any fluctuation in figures caused by housing benefit payment cycles and

ensures the team only focus on 'true' arrears owed by customers. Deductions or 'netting off' of housing benefit will only be applied where the claim is live and already in payment, and the system uses the information contained in the latest HB payment file to calculate the net balance.

Income Management leaders will monitor overall arrears performance for their team at both team and individual level using several system-based monitoring tools and through routine auditing of accounts.

Overall current arrears performance is monitored every week and reported monthly to the Executive team and the Board.

5.14 Performance measurement

Performance for current arrears and income collection is monitored on a weekly basis at an operational level and reported to Board and Executive meetings monthly.

All other forms of income collection are monitored on a monthly basis.

Targets will be set in annual performance reviews and reviewed throughout the year - these will feed into company targets and the strategy set by the Board.

Where possible the performance measures are based on criteria set out within the Housemark definitions to allow wider sector benchmarking of performance.

5.15 Customer involvement

To ensure our customer's views have been considered, we have involved our customers in the shaping of this policy and will continue to do so whenever the policy is due for review or significant changes need to be made.

In addition, we will also offer customers opportunities to test the services being delivered against our policy and procedure, through opportunities which may include mystery shopping or various workshops and events.

Our main correspondence used in delivering the service, will also be reviewed in conjunction with customers to ensure we provide documentation which is clear and in 'customer friendly' language and format.

We will monitor and review the quality of the service we provide using an automated, independently managed survey (Qualtrics) and through our service standards. To enable customers to hold us to account, our performance against our service standards and results and feedback from Qualtrics will be shared with and reviewed by our involved customer group and used to shape and inform our services.

5.16 Complaints

Where a customer is unhappy with the service being delivered, they may make a complaint to Bromford using the following methods:

- Telephone: 0330 1234 034 Lines open 8am – 6pm Monday to Friday.
- Bromford Website: <https://www.bromford.co.uk/contact/make-a-complaint/>
- Post: Bromford, 1 Venture Court, Broadlands, Wolverhampton, WV10 6TB. ·
- In person: to any Bromford colleague or a representative of an organisation working on our behalf

If a customer remains unsatisfied, they can refer to their complaint to the Housing Ombudsman Service by contacting them in the following ways:

- Postal address: Housing Ombudsman Service, PO Box 1484, Unit D, Preston, PR2 0ET
- Online complaint form: www.housing-ombudsman.org.uk/residents/make-a-complaint/
- Telephone: 0300 111 3000
- Email: info@housing-ombudsman.org.uk

Customers can contact the Housing Ombudsman Dispute Resolutions Team at any time to seek guidance in making a complaint and during the complaint process and do not have to wait until our internal processes are exhausted. Further information is available on their website <https://www.housing-ombudsman.org.uk/contact-us/>

6. Assurance Framework

Bromford has adopted the 'three lines of assurance' model. It is built upon Bromford's strong control culture and organisational delegation of responsibility. It is the responsibility of managerial and supervisory colleagues within business units who use the policy to ensure that the policy is communicated and effectively implemented, and to ensure colleagues are aware of their responsibilities. Adhering to policy and underpinning procedures ensures we continue to operate within our overall risk appetite as a business.

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