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INCOME MANAGEMENT POLICY

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Income Management Policy

Responsible Officer	Executive Director of Customer Services
This policy is applicable to	Karbon Group
Policy version	3
Date this version implemented	June 2026
Date of next review	June 2031

Policy Statement

This policy explains how the Karbon Group manages income from rent and service charges in a fair, clear and supportive way.

The aim is to help customers pay on time, prevent arrears from building up and protect tenancies wherever possible.

The Group will offer clear information, early support and advice on benefits, budgeting and debt, and will work with customers to agree realistic repayment arrangements where needed. Extra support will be considered for customers in vulnerable circumstances, and information can be provided in accessible formats.

For customers claiming Universal Credit, the policy recognises that payment delays can happen and recovery action will not be taken while a customer is waiting for their first payment if Universal Credit is their only income.

If arrears continue, the Group will take a firm but proportionate approach, using legal action only as a last resort.

Risk the policy is designed to control

2. Financial Viability - Risk that the Group fails to remain financially viable

Key performance measures

- % of rent collected
- Current tenant net rent arrears as % of rent debit
- Current and former tenant rent arrears written off as % of rent debit
- Former tenant arrears as % of rent debit

Definitions

Housing Benefit	A benefit to help pension age people and those in supported housing on a low income with their rent, administered by Local Authorities.

Universal Credit	A working age benefit that has replaced a number of different benefits, including Housing Benefit, administered by the Department for Work and Pensions
Notice Seeking Possession	A formal legal document setting out the reasons (grounds) a landlord will seek to recover their property from a tenant.
Pre-Action Protocol	A set of standards landlords must adhere to in advance of applying to court to recover a property from a tenant.
Mandatory Grounds	Reasons to recover a property for which if proved a Judge has no discretion and must make a possession order for the property
Forfeiture	The possession procedure to recover a leasehold property due to a breach of the lease.
Rent/rent arrears	Any sum due under a tenancy, lease or other occupancy agreement and may include sums for rent and/or service charges and other charges

Abbreviations

UC Universal Credit

Policy Detail

1.0 Purpose of policy

1.1 This policy outlines the Groups' approach to rent collection and dealing with the recovery of rent and service charge arrears, including former tenant arrears.

1.2 This policy reflects the Groups' aim to maintain and sustain tenancies, using eviction only as a last resort. The Group will endeavour to make early contact with customers when arrears occur in order to understand their circumstances, offer appropriate advice and assistance, including support with benefit applications, and prevent arrears increasing to a level where legal action is required.

1.3 This policy should be read in conjunction with the Income Management procedures.

2.0 Objectives

2.1 Keep rent arrears at the lowest possible levels;

2.2 Place an emphasis on effective prevention and early intervention;

2.3 Adopt a firm, fair and proportionate approach to tackling rent arrears, in order to minimise debts and to sustain tenancies;

2.4 Keep customers informed about benefits and other financial help which may be available to them, and to maximise the take up of benefits;

2.5 Work in partnership with local authority Housing Benefit services and Department for Work & Pensions, ensuring efficient liaison and administration;

2.6 Comply with all statutory and regulatory requirements regarding debt and arrears recovery.

3.0 Policy detail

3.1 Preventative Measures

3.1.1 The Group will provide accessible information about the importance of paying the rent in its online Tenant/Leaseholder Handbook, leaflets and newsletters. Particular efforts will be made to help those with specific needs – for example, those who lack basic skills in literacy or numeracy, or those who do not have English as their first language.

3.1.2 Benefit advice and support will be made available to all Group customers, whether they fall into rent arrears or not.

3.1.3 The Group will carry out comprehensive sign-up procedures for new tenants, which will include:

- Advice on the obligations of the customer for paying the rent, when this is due and the consequences of not paying regularly;
- Completion of a pre-tenancy affordability assessment so the tenant is aware of their potential benefit entitlement and the rent they will have to pay;
- Reference to current tenant rent arrears process;
- Advice on methods available for paying the rent including the promotion of payment by Direct Debit;
- Advice and assistance in applying for Housing Benefit or Universal Credit;
- Signposting for independent help with claiming welfare benefits or debt counselling as well as making referrals to the support providers;
- The identification of vulnerable tenants to ensure that any additional support needs are identified and agreed, in order that rent payment and arrears recovery procedures are appropriately tailored; and
- Agreement of a home visit appointment within four weeks of sign-up to discuss how the tenant is managing their rent, any benefit claims have been successfully processed and if the tenant needs any further assistance in this regard.

3.2 Notices

3.2.1 The Group will use all available grounds to seek a possession order, including Ground 8.

3.2.2 Where a request to review the decision to serve a Notice Seeking Possession using mandatory grounds, it must be heard by a manager who was not involved in the original decision to serve the Notice.

3.3 Current Tenant Arrears Recovery

3.3.1 The Group will adopt a firm but fair approach to current tenant rent arrears recovery. We will approach this with the aim to collect all amounts due in rent and associated service charges to protect the provision of services to all of our customers.

3.3.2 The Group believes that applying to court or to evict a tenant should be considered as a measure of last resort where all other efforts to recover arrears have failed. The Group will not take possession action against tenants where a repayment plan is in place and those payments are being made on time and in full as agreed.

3.3.3 Any application to court or for eviction will only be considered where a tenant has been recently referred for benefits and money advice. All legal proceedings will be progressed in line with the Pre-Action Protocol for Possession Claims by Social Landlords.

3.3.4 If recovery action escalates to a Court hearing, the Group will encourage tenants to attend Court and will give information on sources of in-house and independent advice and support.

3.3.5 The Group will offer advice and information to tenants on debt repayments and where to obtain in-house or independent help.

3.3.6 Where protocols exist, local authority Housing Options services and their agents will be informed when possession proceedings are commenced against a tenant and where eviction applications are being made.

3.3.7 All court or eviction applications must be authorised by a Team Manager or Manager after completion of a proportionality assessment.

3.3.8 Where there is specific evidence, the Group will take court action against tenants where the arrears are lower than the relevant court costs. For example, where there has been persistent non-payment of rent or refusal to pay.

3.3.9 The Group will seek to recover Court costs relating to all legal proceedings. These costs may form part of the Court Order for possession and include solicitors’ fees but will be treated as secondary to the recovery of the rent debt.

3.3.10 Any rent arrears that are provable in a bankruptcy order or subject to a debt relief order will be “set aside” from the rent account at the date of the order and the balance written off following the receipt of any credit by the Insolvency Service. Possession action may be taken on rent arrears accrued following the date of a bankruptcy or debt relief order, and on any arrears if there is a persistent non-payment of rent.

3.4 Rent Arrears and Universal Credit

3.4.1 The Group understands that customers making a claim for Universal Credit (UC) will not receive their first scheduled payment for at least five weeks from their claim date. In addition, many customers will be moving to receiving their income monthly for the first time.

3.4.2 The Group recognises that customers cannot be expected to make a payment when they have not received the income (through the UC housing costs element) with which to do so. Arrears recovery action will not be undertaken whilst customers are awaiting their first UC payment, and UC is the household’s sole income. Where customers receive income other than UC, the Group will work with customers to agree a payment plan in line with their expected benefit award.

3.4.3 The Group will seek to engage with customers at the outset and throughout their UC claim, advising the customer of their rent liability, offering support with budgeting and determining the most suitable payment method for the customer. This will include direct payment of UC housing costs to the Group.

3.4.4 Where customers fail to engage or do not make agreed payments then arrears recovery activity will continue and legal action may be taken against the customer.

3.5 Former Tenant Arrears Recovery

3.5.1 Every effort will be made by Group staff to make and maintain contact in pursuing former tenants’ arrears, initially during notice period. Where efforts to sustain contact fail, the Group may use the services of specialist Debt Collection Agencies to trace and pursue payments from former tenants.

3.5.2 The performance of Debt Collection Agencies will be monitored on a regular basis to ensure that they are providing value for money. In all cases the costs of collection have to be weighed against the size of the debt and the likelihood of its recovery.

3.5.3 A tenant (current or former) will not be offered a new tenancy with the Group unless they have complied with the rehousing criteria as laid down by the relevant Allocations Policy or:

- They have cleared all rent arrears and other sundry debts including amounts outstanding for rechargeable repairs, or

- They have demonstrated exceptional hardship that will be alleviated by moving to alternative accommodation, plus an agreed payment plan in place to reduce their debts and have demonstrated that they are able to adhere to the plan.

3.5.4 If a tenant in arrears moves to another Group property, all debts owed by the tenant will be transferred to a sub-account at their new address. This debt will be clearly distinguishable from any arrears owed on the new tenancy, with a failure to make agreed payments towards the debt deemed a breach of tenancy.

3.5.5 In line with the Groups' Delegatory Framework, arrears which are unrecoverable and credit balances that cannot be refunded to the customer may be written off. These write-offs should take place at least quarterly.

3.6 Garage Rent Arrears Recovery

3.6.1 Customers who fail to pay their garage rent, and who fail to respond to two reminders will be served with a Notice to Quit. If the account is not paid in full prior to the expiry of the Notice to Quit, the locks will be changed, the garage cleared with a week and the costs of both the lock change and clearance will be recharged to the tenant.

3.7 Leaseholder Arrears Recovery

3.7.1 The Group has leasehold properties built for sale, resulting from sales under the Right to Buy or Right to Acquire and Shared Ownership leases where the Group has sold a percentage of a property to a shared owner.

3.7.2 Non-payment of rent, ground rent and/or service charges may be pursued as a breach of covenant (as detailed in the lease), a failure to pay rent or as a civil money claim.

3.7.3 The Group will try to establish contact with a leaseholder who owes rent and/or service charges to explore options for repayment before taking legal action, including a referral for benefits and money advice. Action to recover the debt will not be taken if a shared owner or leaseholder is withholding charges while a reasonable challenge or dispute is outstanding.

3.7.4 The Group will not take legal action without giving a clear explanation of the reasons for the action and adequate warning of the proposed action and a suggestion that the leaseholder seek independent legal advice on the consequences of non-payment.

3.7.5 The Group will notify any known mortgagee of intended legal action. In order to avoid this action, the mortgagee will be offered the opportunity to make payment of the arrears on behalf of their client.

3.7.6 The policy allows for a degree of flexibility in individual cases. Legal action will only be considered as a last resort where there is no alternative action for the Group to take.

4.0 Customer Vulnerabilities

4.1 This policy is applied in line with our Customers in Vulnerable Circumstances Policy. We want people to be treated fairly, have equality of opportunities, freedom, respect, and access to our services.

4.2 We will support people in vulnerable circumstances to help us deliver this service. We will work alongside external agencies such as social services, the police and fire services and other appropriate agencies to help and support people in vulnerable circumstances and to ensure we meet our statutory and regulatory requirements as a social landlord.

4.3 Policies and key information are made available on our website.

5.0 Monitoring and Review

5.1 The Executive Director of Customer Services is responsible for delegating the monitoring, review and implementation of this policy.

4.2 The key performance measures identified within this policy will be reported to senior management on a quarterly basis. Operational monitoring of these measures will be undertaken by the Income Team.

4.3 This policy will be reviewed at least every 5 years. The review will be brought forward if there are significant changes to good practice, regulatory or legislative requirements.

6.0 Equality and Diversity

6.1 This policy is applied in line with our Inclusion and Belonging Policy. This includes the legal requirements of the Equality Act 2010, Workers Protection Act 2023 and the Public Sector Equality Duty.

6.2 At the Karbon Group we aim to eliminate discrimination, promote equality of opportunity, foster good relations and define the nine protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

6.3 If you would like this or any other policies in a different language or format please contact inclusion@karbonhomes.co.uk.

7.0 Data Protection and Privacy

7.1 We have a clear policy on data protection and sharing data with other partners/third parties under the requirements of the UK General Data Protection Regulation, the Data Protection Act 2018 and other associated legislation. This is clearly set out in the Data Protection Policy for the Karbon Group which, along with its associated procedures, must be followed throughout the operation of this policy.