



**CABINET:**  
**13 June 2017**

---

**Report of: Director of Housing and Inclusion**

**Relevant Portfolio Holder: Councillor J. Patterson**

**Contact for further information: Mrs J. Maguire (Extn. 5003)**  
**(E-mail: [jane.maguire@westlancs.gov.uk](mailto:jane.maguire@westlancs.gov.uk))**

---

**SUBJECT: HOUSING REVENUE ACCOUNT - INCOME RECOVERY POLICY 2017**

---

Wards affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To consider and agree the Housing Revenue Account Income Recovery Policy.
- 1.2 To note the main amendments included in the updated policy at Appendix 1.

## **2.0 RECOMMENDATIONS**

- 2.1 That the Housing Revenue Account Income Recovery Policy 2017 attached to Appendix 1 of the report be approved.
- 2.2 That the Director of Housing and Inclusion, in consultation with the relevant Portfolio Holder, be given delegated authority to make any minor changes to the policy where appropriate following tenant consultation, and to implement and deliver the policy.

---

## **3.0 BACKGROUND**

- 3.1 The Housing Revenue Income Recovery Policy has remained current and has not required any significant changes. However the introduction of the Welfare Reform Act has provided an opportunity to carry out a review and refresh of the policy.

3.2 The most recent review, led by Officers, has taken place to take account of the introduction of Universal Credit, changes brought about by the Government Welfare Reforms and the update of the pre-court protocol for Landlords. This has provided an opportunity to ensure that the policy complies with current legislation and guidance, takes account of changes in best practise and terminology, Welfare Reforms and the introduction of Universal Credit. Universal Credit is a real risk to the Councils rental stream and so it is important that we have the right policies in place to recover income and at the same time provide advice and support.

#### **4.0 CURRENT POSITION**

4.1 The current policy outlines the Council's approach to the recovery of rent arrears and other debts owing, the key principles of keeping debt to a minimum and to sustaining tenancies through arrears prevention work and early intervention.

4.2 The revised policy maintains these key principles, includes a refresh of terminology, and references the increasing options for tenants to pay their rent and access services in a digital format. By making it quicker and easier for tenants to make payments and access rent information this will assist with income recovery and minimising debt and ensure the Council provide increased options to maximise income.

4.3 In addition, the revised policy includes the following key changes for consideration:

- The option to review the 48 week rent charging period subject to business needs and formal consultation. During the 4 rent non-collection weeks, tenants can still make payments to reduce arrears and also use these weeks to pay in advance. A number of housing providers have considered, and implemented, charging over a 52 week period as this can mean a lower weekly rent to pay for those tenants on a low income and this also assists with budgeting. Including this as an option for consideration in the policy will provide the Council with some flexibility to consult and consider this approach should rent charges exceed the weekly Local Housing Allowance levels.
- The option for the Council to reserve the right to exclude a property from capital and planned investment programmes where Court proceedings are in place due to the high level of rent arrears, is something that would be considered on a case by case basis. This approach reinforces the importance of paying rent and taking responsibility to do this and that rental income funds tenant services and improvements to Council homes. This is something other providers have implemented and has resulted in residents paying debts in order to benefit from the works.

- The requirement for all new tenants to pay their rent in advance to comply with the terms of the tenancy agreement. Since January 2017 this has been operational and all prospective tenants notified that this is a prerequisite of accepting a tenancy. To date there has been only one enquiry regarding this approach and customers have satisfied this requirement. This approach promotes a rent payment culture and ensures all new tenants understand the importance of paying their rent and monies due.
- The Council's approach to Bankruptcy and Debt Relief Orders. The previous policy did not make specific reference to Bankruptcy and Debt Relief Orders. In instances of Bankruptcy, the Council will register a formal claim for debt owed; this may be paid when the Official Receiver takes control of the debtor's assets. In most instances there will be no funds and so the Council will write off the debt. Debt Relief Orders are a new form of insolvency and are a simpler, quicker and cheaper alternative to Bankruptcy. The use of this type of insolvency solution has increased over the last few years and so it is appropriate that the policy highlights the Council's approach in dealing with a Debt Relief Order.

## **5.0 CONSULTATION**

- 5.1 The Your Voice group are a tenant consultation group that provide feedback on Housing services and policies. They will be asked for their views and feedback on the main changes proposed. These are shown at Appendix 2.
- 5.2 All feedback will be considered and where appropriate, minor amendments will be made to the policy document.
- 5.3 The Policy will be considered at the Landlord Services Committee (Cabinet Working Group) on 7<sup>th</sup> June 2017.

## **8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 8.1 The revised policy proactively seeks to sustain tenancies, ensuring enforcement action and possession proceedings are a last resort. This approach satisfies the pre-court protocol and ensures that the Council has actively attempted other alternatives and approaches before seeking possession. This approach ensures that we minimise the costs associated with re letting a home, the Court costs associated with eviction, and the impact of an empty property on the sustainability of an area.

## **9.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 9.1 The Housing Revenue Account is reliant on its rental income to be able to provide services to its tenants. Having effective collection arrangements in

place, including an up to date Policy, will help to maximise this income stream and so enable the Council to deliver better quality services.

## **10.0 RISK ASSESSMENT**

- 10.1 Universal credit is a risk to the Council's rental stream and so it is important that we have the right policies in place to recover income and at the same time, provide advice and support. Keeping the Income Recovery Policy up to date will help to minimise and manage this risk.
- 10.2 This item does not require a formal risk assessment as this is an operational document and no changes have been made to risk registers. However Housing and Inclusion have recorded the wider issue of the Welfare Reforms as a recognised risk item.
- 
- 

### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

There is a direct impact on members of the public, employees, elected members and / or stakeholders, therefore an Equality Impact Assessment is required. A formal equality impact assessment is attached as an Appendix to this report, the results of which have been taken into account in the recommendations contained within this report

### **Appendices**

Appendix 1 – Housing Revenue Account Income Recovery Policy 2017

Appendix 2 - Consultation questionnaire

Appendix 3 - Equality Impact assessment

Appendix 4 - Minute of Landlord Services Committee held 7<sup>th</sup> June 2017 (Cabinet only) – *to follow*