Income Management Policy

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1. Policy Scope

This policy sets out Bernicia's approach to outstanding debt and income management, including the prevention of outstanding debt accruing on rent accounts relating to Bernicia's properties.

This policy applies to the whole of Bernicia Homes, and all operations including supported housing, Bernicia Living and those customers who rent garages from us.

The policy recognises that different approaches may be required depending on tenure of property, for example in supported housing.

The Policy covers:

- Rent
- Service charges
- Heat Network charges
- Support and care charges
- Court costs
- Rechargeable repairs
- Former customer debt
- Garage charges

Income Management will be in line with all relevant regulation and legislation including but not limited to:

- **Housing Act 1980, Housing Act 1985, Housing Act 1986, Housing Act 1988, Housing Act 1996, Protection from Eviction Act 1977, Housing and Regeneration Act 2008, Regulatory Standards for Social Housing England, Landlord and Customer Act 1985, Rent Arrears Pre Action Protocol, Data Protection Act 2018, General Data Protection Regulation (GDPR)**

Additional regulations and guidance specific to the housing sector may also be applied as required to ensure effective and lawful income collection.

2. Policy Standards

Standard 1: Commitment to Prevent Outstanding Debt

Our goal is to ensure customers can maintain their tenancies by preventing outstanding debt accruing. We are committed to providing proactive and responsive support to our customers by creating sustainable housing solutions and safeguarding financial stability for both customers and Bernicia.

Our approach uses early intervention and effective communication to try and address issues before they escalate.

We will do this by:

- Expecting customers to make payments in line with terms of their Tenancy Agreement.
- Regular and timely monitoring of accounts to identify outstanding debt at the earliest stage. This could include manual identification of debt and algorithm-based software using risk analysis to identify customers we need to engage with about their rent payments.
- Immediately contact customers who miss payments to understand their circumstances and offer support.
- Use Spending Plans to assess individual circumstances.
- Tailor action plans that are developed collaboratively with customers.
- Offer referrals into our IHM service or an external support provider to help customers in need.
- Provide new customers with clear information about their rent / service charge obligations during the sign-up process.
- Ensure customers can reach us through a variety of platforms such as phone, email, the customer online portal, and in-person.
- Identify customers most at risk and vulnerable due to health, age or other personal circumstances.
- With consent, engage with third parties (Local Authority, DWP) to ensure income maximisation and the correct housing cost payments are in place.

Standard 2: Methods of Payment

To ensure reliability and convenience, Bernicia encourages customers to pay their rent and/ or service charges via Direct Debit or other digital payment options wherever possible. These methods are straightforward to set up, easy to manage, and offer peace of mind for customers knowing their payments are automated and secure.

The Income Management Team will provide step-by-step guidance to make the setup process as smooth as possible. Support will include:

- Supporting customers with setting up a Direct Debit and confirming the payment schedule.
- Encourage and support customers to use the online customer portal to manage their rent account.

We may cancel the Direct Debit if payments fail the following number of times:

- Weekly payments: four failed payments within six months.
- Fortnightly payments: three failed payments within six months.
- Every four weeks: three failed payments within 12 months.
- Monthly payments: three failed payments within 12 months.

We will make an exception if a payment fails because of a bank error, short-term financial difficulty, vulnerability, a change to benefit payments, or another exceptional reason.

Direct Debits can be disputed under the Direct Debit guarantee. We will challenge the refund if we believe the payment was correct. If our challenge is successful, we may add any costs we have paid to the customers rent account.

While we encourage digital payment methods, we recognise that not all customers may have access to or feel comfortable with these options. For customers unable to use Direct Debit or digital means, we offer alternative payment options such as:

- Standing Order or direct bank transfers.
- Cash in person at the Ashwood or Durham offices (in exceptional circumstances).
- Payment card that can be used at the Post Office and various retail outlets.

Standard 3: Communication and Accessibility

At Bernicia Homes, we are committed to creating open and transparent communication with our customers. We believe that clear, proactive, and inclusive interactions are important to building trust and strong relationships. We will maintain openness in all our communications, providing accurate and timely information to customers. This includes updates on rent and / or charges, services and responses to customer enquiries or concerns. We are dedicated to being approachable, ensuring customers feel comfortable to engage with us. Recognising the diverse needs of our customers, we will use a variety of communication channels to ensure accessibility. These will include, but are not limited to:

- Face to face communication.
- Written correspondence which is easy to understand.
- Digital communications such as emails or via the online customer portal.
- Phone calls/SMS/WhatsApp
- Social media.
- Automated voice and text contacts.

We may also explore emerging technologies to enhance accessibility. We understand that some customers face vulnerabilities, including physical, cognitive, or language-related barriers. To ensure inclusivity we will:

- Tailor communication methods to meet individual needs where at all feasible.
- Offer support in formats such as large print, braille, translation services, audio recordings, or written translated materials.
- Partner with external organisations to better support customers with additional needs.

Standard 4: Supporting our customers

We are committed to supporting our customers in sustaining their tenancies and maintaining their homes. We will engage with all customers at the very beginning of their tenancy to identify any vulnerabilities or support needs that could affect their ability

to make payments, and we will proactively address these needs through tailored discussions. We understand that by setting the foundation for a positive, supportive relationship, we can better support our customers. We will work to:

- Understand everyone's individual circumstances.
- Identify potential risks and offer early intervention strategies to mitigate them.
- Aim to prevent outstanding debt from increasing by addressing challenges collaboratively with customers, supporting agencies and advocates.

To help us with supporting our customers, Bernicia will:

- Provide guidance and signpost customers to claim benefits and access their entitlements.
- Identify whether customers would benefit from specialist support services for further financial assistance.
- Offer consistent, ongoing support throughout the tenancy, equipping customers with the tools to manage financial responsibilities effectively.
- Work closely with other teams within Bernicia to provide customers with holistic, tailored support services.
- Take proactive steps to resolve any financial or welfare challenges that may put tenancies at risk including engaging with any insolvency remedies.
- Ensure customers feel listened to and supported in managing their housing commitments.

Legal action will always be a last resort and will only be undertaken within the remit of the county court. This may be to apply for possession (to evict a customer from the property) or to recover outstanding rent arrears. Before any court action, Bernicia will complete the pre-action protocol for English housing law around rent arrears. Even during legal proceedings, the Income Management Team will:

- Continue to engage with customers to recover outstanding debt.
- Offer guidance and support wherever possible to minimise further disruption.
- Work to resolve matters amicably, while ensuring customers remain informed and supported throughout the process.

Our overarching goal is to create a stable environment for customers, ensuring their long-term well-being. Our support mechanisms will remain active throughout the tenancy, adapting to changes in individual circumstances as needed

Standard 5: Affordable Payment Arrangements

At Bernicia Homes, we are committed to supporting customers in managing their financial obligations and sustaining their tenancies, but we recognise that financial difficulties can arise. Whenever a customer has an outstanding debt, we will encourage them to pay it in full initially, if feasible. This ensures that tenancies remain on a stable footing and helps to prevent further financial difficulty. However, we understand that this may not always be feasible for everyone, and we are committed to finding practical solutions. When full payment is not possible, Bernicia Homes will:

- Work collaboratively with customers to establish a manageable payment arrangement.
- Ensure that any payment arrangement is tailored to the customer's individual financial circumstances.
- Consider the customer's ability to pay, while maintaining fairness to both the customer and Bernicia Homes.
- Ensure the customer is aware that a clear rent account is required to mutual exchange or transfer to another Bernicia property.

To ensure transparency and fairness, we will rely on Spending Plans documents to:

- Assess the customer's financial situation comprehensively.
- Negotiate a payment arrangement that balances affordability for the customer with the need to address the outstanding debt.
- Provide a structured framework for payment arrangement that supports customers in becoming debt-free without undue stress.

Where debt arises due to benefit shortfalls we will:

- Work with the customer to address the shortfall and support them in making up the difference.
- Guidance and practical assistance will be offered to help customers manage these challenges effectively.
- Where appropriate, customers will be signposted to external professionals or benefit specialists to explore eligibility and maximise income.

Bernicia remains focused on customer well-being and will:

- Provide empathetic and consistent support through open communication and personal engagement.
- Build trust and confidence by creating a collaborative approach to resolving arrears.
- Regularly review payment plans to ensure they remain fair, achievable, and aligned with any changes in the customer's circumstances.

Our aim is to support customers in overcoming financial challenges while promoting sustainable, long-term tenancy stability.

Standard 6: Joint Enforcement Action

This section sets out how Bernicia manages rent arrears where a possession claim has been issued primarily for another tenancy breach, but rent arrears are included as a secondary ground.
It ensures a consistent, proportionate, and legally compliant approach to recovering arrears while supporting tenancy sustainment where appropriate.

Applies to all possession proceedings where:

- The primary ground for action is not rent arrears (e.g. anti-social behaviour, tenancy breach)
- Rent arrears are included in the claim as a secondary ground

Bernicia will:

- Ensure legal action remains proportionate and justified by the primary breach
- Treat rent arrears as a related but separate issue
- Avoid escalating enforcement solely due to minor or historic arrears where they are not the primary cause

Rent arrears may be included in possession proceedings to:

- Demonstrate overall tenancy breach or non-compliance
- Strengthen the case for possession where multiple issues exist
- Provide the court with a full picture of the tenancy history
- Support tenants to address arrears alongside the resolution of the primary issue

Standard 7: Insolvency

This section sets out how Bernicia manages rent arrears where a tenant is subject to a formal insolvency process. It ensures legal compliance, supports tenancy sustainment, and promotes a consistent, fair, and transparent approach across services. Bernicia will:

- Comply fully with UK insolvency legislation and regulatory guidance
- Treat tenants fairly and sensitively, recognising financial vulnerability
- Prioritise tenancy sustainment over recovery of historic debt
- Require tenants to maintain ongoing rent payments
- Clearly distinguish between:
    - Arrears included in insolvency (protected debt)
    - New arrears arising after the insolvency start date

Bankruptcy

Bernicia will:

- Write off any arrears outstanding on the date the Order is granted, excluding any amount covered by Universal Credit or Housing Benefit due for that week.
- Cease all recovery action on arrears included in the Order.
- Continue recovery action for any new arrears arising after the date the Order is granted.

Debt Relief Order (DRO)

Bernicia will:

- Transfer arrears accrued prior to the date of the DRO to an Insolvency account, except:
- Any Universal Credit Housing Costs/Housing Benefit covering rent liability after the insolvency start date
- Cease recovery action on arrears included in the Order
- Continue recovery action for any new arrears arising after the date the Order is granted.
- Write off the Insolvency balance upon successful completion of the DRO
- If the DRO is not successfully completed, we will transfer the arrears back onto the main rent account and they will become fully recoverable

Individual Voluntary Agreement (IVA)
Bernicia will:

- Provide debt confirmation to the Insolvency Practitioner when requested
- Transfer arrears accrued prior to the date the IVA takes effect to an Insolvency account, except any Universal Credit Housing Costs/Housing Benefit covering rent liability after the insolvency start date
- Not pursue included debt outside of the arrangement
- Ensure ongoing rent payments are maintained
- On successful completion of the IVA any remaining arrears included in the IVA will be written off in line with financial procedures
- If the IVA Fails or is terminated the remaining balance will be transferred back to the main rent account and become fully recoverable

Breathing Space
Bernicia will:

- Cease recovery action on any qualifying arrears covered by the moratorium
- Ensure ongoing rent liability is maintained
- Act where new arrears accrue

Standard 8: Former Customer Debt

We prioritise responsible Income Management practices to ensure that customers leave their homes with no outstanding debt on their accounts. However, when outstanding debt remains, we are committed to taking appropriate and effective actions to recover it. Our Income Management Team aims to:

- Ensure that customers leave their homes with clear accounts.
- Proactively engage with customers before their departure to prevent outstanding debt from accruing.
- Promote accountability and reduce the financial impact of unpaid debts on the organisation.

Where outstanding debt is left on an account after a tenancy ends, the Income Management Team will act promptly to:

- Establish contact with former customers as soon as possible.
- Encourage full payment of outstanding debt immediately, if feasible.
- At our discretion; where a significant lump sum payment can be offered, we may choose to discount the amount payable and write off the remaining balance.
- Arrange affordable and fair payment arrangements when full payment is not possible.

To maximise the chances of recovering arrears, we will employ a variety of contact methods, including:

- Letters sent to the former customer's last known address.
- Visits to a former customer forwarding address.
- Emails and communications through digital channels.
- Phone calls and SMS reminders for direct engagement.

Each method is designed to reach former customers effectively and offer clear communication regarding their outstanding debt.

When initial efforts to recover arrears are unsuccessful, Bernicia will escalate the process. This includes:

- Engaging tracing agents to locate former customers when their whereabouts are unknown.
- Utilising the services of a reputable debt collection agency to recover outstanding debt.
- We will directly contact customers if they apply for rehousing to attempt to seek payment or an arrangement. This contact is in line with our allocations policy which may exclude people due to their rent debt.

Our approach to recovering former customer arrears will remain aligned with professional and ethical standards. We will:

- Ensure all actions comply with relevant laws and regulations.
- Maintain a fair and respectful tone in communications and negotiations.
- Act in a manner that balances the organisation's financial responsibilities with understanding for individual circumstances.

Standard 9: Credit Balances

We are committed to maintaining responsible Income Management practices, ensuring accuracy and fairness in all customer account transactions. Customer accounts found to be in credit will be reviewed carefully to determine the origin and accuracy of the credit. Refunds will be considered provided:

- The credit is verified as true and accurate.
- There are no outstanding debts or charges on the account.
- The credit is not due to a housing benefit or Universal Credit overpayment.

The Income Management Team will process refunds for credit balances under the following conditions:

- If the credit is confirmed as a legitimate overpayment made by the customer.
- If refunding the credit will not result in arrears on the account.

Refunds will only be made directly to the customer or payee associated with the account unless appropriate documentation is provided e.g. a will or Letters of Administration, Power of Attorney for Financial Matters.

Where a credit is due to the overpayment of benefits or other financial support that is paid directly to Bernicia:

- The credit will be refunded to the relevant organisation or agency that made the original payment and not the customer.

Our aim is to ensure customers depart with a nil-account balance. To achieve this we will:

- Ensure that any credits on an account at the end of a tenancy are reviewed and resolved.
- Refunds will be processed where appropriate and according to the conditions outlined in this policy.

We are committed to ensuring that former customers are made aware of any remaining credits on their accounts. To facilitate this:

- Efforts will be made to contact former customers using all available communication methods.
- Refunds for former customers will be processed upon successful contact and validation of account details.

No refunds will be issued in cases where doing so would create an outstanding debt unless an Official Recovery by the DWP or Local Authority. Our priority remains ensuring accounts are maintained accurately, and outstanding debts are not inadvertently created or escalated.

Standard 10: Training & Compliance

Bernicia will ensure that all those involved in Income Management either directly or indirectly are provided with appropriate training in the application of this and the relevant supporting documents. All training and awareness raising activities will be logged.

3. Definitions

Word/Phrase	Definition
Outstanding Debt	Overdue payments that have not been made by their due date e.g. rent or service charges.
Court pre-action protocol	In England the pre-action protocol applies to possession cases solely for rent arrears. It sets out actions that you are expected to take *before* you bring a case to court.
Debt	Monies owed and / or the obligation to pay.
Direct Debit	A financial transaction where one person or organisation is authorised to collect (i.e. debit), money directly from another person's bank account.
Spending Plan	A form used to work out a customer's financial commitments and what income remains towards any payment plans.
Standing Order	An instruction given by a bank account holder to their bank to make regular payments of a set amount to another bank account.

Version Number: **V1.0**

Effective From: **October 2026**

Applicable to:

- Bernicia

Associated Documents: The following resources support the Income Management policy and Bernicia colleagues to manage income. These can be found in the relevant policy folders on the intranet:

- Income Collection Procedure
- Former Customer Debt Procedure
- Income Management Refund Procedure
- Heat Networks Debt Recovery Policy Compliance Note
- Joint Enforcement Action TBC
- Insolvency Procedure

Equality, Diversity & Inclusion: An ED&I Assessment was completed in June 2026. Please contact the Governance team if you require a copy.

Approved By: **Customer Services Committee**

Policy Author: Housing Services Manager (Income)

Policy Owner: Assistant Director of Communities

Next Review: **October 2029**

Reference Number: **POL-0219**

Change Control

Version Number	Effective Date	Amendment made by	Version approved by	Description of changes
V1.0	October 2026	Housing Services Manager (Operations)	Customer Services Committee	New Policy, amalgamation of Rent Collection, Rent Arrears Recovery and Former Tenant Arrears Recovery policies. Enhanced tenancy sustainment measures, early intervention, updated debt recovery processes when dealing with joint enforcement action. Formalised action when dealing with insolvency orders and failed direct debits