

Meeting Cabinet
Portfolio Area Housing and Housing Development
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HOUSING INCOME AND ARREARS RECOVERY POLICY 2026-2028

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KEY DECISION

1 PURPOSE

- 1.1 To present the draft Housing Income and Arrears Recovery Policy 2026–2028, (Appendix A), which sets out Stevenage Borough Council's approach to managing housing income, including current and former rent, service charges, recharges and other housing-related debt, and establishes a consistent, fair, proportionate and effective framework for income collection and arrears recovery.
- 1.2 The policy supports the Council's responsibility to protect Housing Revenue Account (HRA) income while promoting tenancy sustainment, early intervention, financial inclusion and appropriate support pathways for residents experiencing financial difficulty.
- 1.3 The implementation of this policy will support the Council in collecting £58.6 million in rent and service charges, billed annually. It will also support the recovery of outstanding debt comprising rent and service charge arrears,

former tenant debt, including sundry accounts, court costs and rechargeable repairs.

2 RECOMMENDATIONS

- 2.1 That Cabinet approves the content and the adoption of the draft Housing Income and Arrears Recovery Policy 2026–2028 (Appendix A).
- 2.2 That the Strategic Director (RP), after consultation with the relevant Portfolio Holder, be given delegated authority to make minor updates and changes to this policy in line with legislative changes and best practice guidance.

3 BACKGROUND

- 3.1 The Council's Housing Revenue Account (HRA) is largely funded through rental income, service charges and other housing-related payments. This income enables councils to maintain and improve existing homes, meet increasing regulatory and building safety requirements, provide housing management services and invest in the delivery of new homes. As the Council operates within a ringfenced HRA, there is a need to ensure that income due is collected effectively so that services remain financially sustainable and residents continue to receive safe, high-quality housing services.
- 3.2 At the same time, the Council recognises that rent arrears can arise for a wide range of reasons, including changes in employment, rising living costs, welfare reforms, benefit delays, ill health or other personal circumstances. Effective income management is therefore about more than debt recovery. It also involves identifying financial difficulties at an early stage, helping residents access benefits and support, maximising household income and preventing debt from escalating to a level that places tenancies at risk.
- 3.3 There is also an expectation from Government and the Regulator of Social Housing that stock-owning authorities take a fair, consistent and proportionate approach to income collection and arrears management. This includes balancing the need to protect public resources with the need to support vulnerable households, promote tenancy sustainment and prevent homelessness wherever possible. Early intervention and tailored support are typically more effective than enforcement action alone and can deliver better outcomes for both residents and landlords.
- 3.4 Against this backdrop, the Council requires a clear and consistent framework for the management of housing income, tenant support and arrears recovery. Such a framework helps ensure compliance with legal and regulatory requirements, supports transparent decision-making and protects the long-term sustainability of the Housing Revenue Account.
- 3.5 The Council currently operates an Income Management and Recovery Policy which was last reviewed in 2020. Since that time, there have been significant changes in the legislative, regulatory and operating environment for social housing landlords, alongside wider economic pressures affecting tenants. A review of the existing arrangements has therefore been undertaken to ensure

that the Council's approach to housing income management, arrears prevention, tenant support and debt recovery remains fit for purpose, reflects current best practice and aligns with the Council's wider strategic and regulatory responsibilities.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The proposed Housing Income and Arrears Recovery Policy, attached at Appendix A, provides the Council with an updated framework for managing housing income, supporting tenants experiencing financial difficulty and recovering arrears in a fair, consistent and proportionate manner. The policy brings together the Council's approach to income management across the tenancy lifecycle, from tenancy commencement and early intervention through to arrears recovery, tenancy sustainment and where necessary, enforcement action.
- 4.2 The revised policy reflects current legislative and regulatory requirements, including the Regulator of Social Housing's Consumer and Economic Standards, the 2026 Rent Standard, UK GDPR and the Debt Respite Scheme. It also provides clearer provisions relating to benefit delays, joint tenancies, insolvency arrangements and safeguarding, together with greater transparency regarding how arrears are managed and support is provided.
- 4.3 Key improvements include more clearly defined responsibilities across housing and corporate services, weekly monitoring of rent accounts, a commitment to make early contact following missed payments, clearer affordability and repayment arrangements, and enhanced support for vulnerable households.
- 4.4 Governance and performance management have also been strengthened through enhanced operational monitoring, quarterly reporting and clearer oversight arrangements. Overall, the revised policy provides a more robust, consistent and legally compliant framework for managing housing income and arrears, balancing the need to protect HRA income with the Council's commitment to early intervention, tenancy sustainment, financial inclusion and the fair treatment of residents.
- 4.5 The key changes between the existing and proposed policy are summarised in the table below:

Area	Previous Policy	2026–2028 Policy	Key Change
Overall approach	Focused on income collection, early intervention and tenancy sustainment.	Retains these principles but provides a more structured and clearly defined approach to income management and arrears recovery.	Greater clarity and consistency in how the policy is applied.

Early intervention	Early intervention was an established principle.	Commitment to make early contact following missed payments, with clearer intervention arrangements.	Earlier and more systematic contact with residents.
Arrears monitoring	Income and arrears were monitored under existing operational arrangements.	Introduces weekly monitoring of rent accounts.	More regular monitoring and earlier identification of emerging arrears.
Affordability and repayment	Supported repayment arrangements and income maximisation.	Provides clearer requirements around affordability assessments and repayment arrangements.	Greater consistency in agreeing affordable repayment plans.
Arrears escalation	Recovery and enforcement arrangements were established but less specifically defined.	Provides clearer escalation arrangements, including a four-week arrears threshold for serving notices.	More transparent and consistent escalation process.
Enforcement	Legal action and eviction were available as recovery measures, alongside early intervention.	Reinforces that legal action and eviction should be used as a last resort, following appropriate preventative and recovery measures.	Stronger emphasis on proportionate, support-led enforcement.
Vulnerability	Recognised the importance of tenancy sustainment and support.	Provides greater clarity on consideration of vulnerability, disability, safeguarding, reasonable adjustments, household circumstances, affordability and engagement before enforcement.	More explicit consideration of individual circumstances.

Legal and regulatory framework	Based on legislation and regulatory requirements applicable at the time.	Updated to reflect the RSH Consumer and Economic Standards, 2026 Rent Standard, UK GDPR and Debt Respite Scheme, alongside other current requirements.	Policy updated to reflect the current legal and regulatory environment.
Former tenant debt	Included recovery of former tenant arrears.	Provides clearer arrangements for former tenant debt and write-off where recovery is no longer viable, in accordance with relevant Council policies.	Greater clarity around former tenant debt management.
Support and financial inclusion	Promoted income maximisation and tenancy sustainment.	Strengthens links to financial inclusion, debt advice, support services and partnership working.	Greater emphasis on preventing arrears and supporting tenancy sustainment.
Communication	Existing communication and contact arrangements.	Commits to clearer communication, accessible information and consideration of individual support needs.	More transparent and accessible engagement with residents.

- 4.6 The proposed policy has been developed in accordance with the Council's Corporate Debt Policy and reflects the Council's wider principles of fair, proportionate and consistent debt management, early intervention, financial inclusion and support for vulnerable residents.
- 4.7 Tenant consultation took place between 14 July and 23 August 2026 and was promoted through the Housing Portal and the Council's social media channels. The consultation received 121 responses and demonstrated broad support for the proposed policy. Respondents agreed that the policy provides an appropriate framework for managing rent arrears and recovering housing-related debt whilst continuing to support residents experiencing financial difficulty. Respondents particularly welcomed the policy's emphasis on early intervention and support before enforcement action is considered.

- 4.8 In response to consultation feedback, a number of service improvements are being implemented alongside the proposed policy to further enhance the customer experience. These include:
- simplifying policy language;
 - improving access to Income Officers;
 - strengthening support for vulnerable residents;
 - enhancing communication channels;
 - increasing proactive engagement with residents; and
 - providing clearer explanations of the arrears escalation process.
- 4.9 The Council will continue to engage with tenants and seek their views to ensure services remain accessible, responsive and focused on supporting residents to sustain their tenancies whilst meeting their tenancy obligations.
- 4.10 The policy was also considered by the Executive Housing Working Group in September 2026, which recommended that the policy be presented to Cabinet for adoption.

5 IMPLICATIONS

5.1 FINANCIAL IMPLICATIONS

- 5.1.1 The policy will support the financial sustainability of the Housing Revenue Account by providing a consistent framework for rent and service charge collection, arrears recovery and the management of other housing-related debt.
- 5.1.2 Effective early intervention should help prevent arrears from escalating and reduce the need for costly legal and enforcement action. Improved recovery of current and former tenant arrears, rechargeable repairs and other debts will also help protect HRA resources.
- 5.1.3 The policy recognises that enforcement and recovery action must be balanced against the circumstances of individual residents and the need to support tenancy sustainment.
- 5.1.4 Failure to maintain an effective income management framework could increase arrears, debt write-offs, legal costs and pressure on HRA resources.

5.2 LEGAL IMPLICATIONS

- 5.2.1 The policy supports the Council's compliance with relevant housing, debt recovery, equality, data protection and regulatory requirements.
- 5.2.3 Relevant legislation and regulatory requirements include the Housing Acts, Equality Act 2010, Human Rights Act 1998, Data Protection Act 2018 and UK GDPR, Welfare Reform legislation, relevant regulations concerning Housing Benefit and Universal Credit, the Debt Respite Scheme and the applicable regulatory standards of the Regulator of Social Housing.

- 5.2.4 The current Rent Standard 2026 applies from 1 April 2026 and should be reflected in the Council's rent-setting arrangements.
- 5.2.5 The Council will also comply with the Pre-Action Protocol for Possession Claims by Social Landlords before pursuing possession proceedings based on rent arrears.
- 5.2.6 The detailed legal application of the policy will remain subject to individual circumstances, the relevant tenancy or licence terms and current legislation.

5.3 EQUALITIES AND DIVERSITY IMPLICATIONS

- 5.3.1 An Equality Impact Assessment (EQIA) has been undertaken for the proposed policy and is attached at Appendix B.
- 5.3.2 The policy has the potential to affect residents experiencing financial hardship, disability, mental health difficulties, caring responsibilities, language or literacy barriers, digital exclusion and other circumstances which may affect their ability to engage with income recovery processes.
- 5.3.3 Mitigation measures include:
- early identification of support needs;
 - reasonable adjustments;
 - accessible and plain-English communications;
 - flexible methods of contact;
 - consideration of vulnerability before enforcement action;
 - referrals to appropriate advice and support services;
 - consideration of individual household circumstances; and
 - monitoring of equality impacts through service performance arrangements.
- 5.3.4 The Council will continue to meet its obligations under the Public Sector Equality Duty.

5.4 RISK IMPLICATIONS

- 5.4.1 Adoption of the policy will help mitigate financial, operational, legal, regulatory and reputational risks associated with housing income and arrears.
- 5.4.2 Without an effective policy framework, there is an increased risk of:
- rent and service charge arrears increasing;
 - loss of HRA income;
 - inconsistent arrears recovery;
 - avoidable legal and enforcement costs;
 - inappropriate or disproportionate enforcement;

- tenancy failure and homelessness;
- failure to identify vulnerability or safeguarding concerns;
- challenges under equality legislation;
- complaints and potential findings by the Housing Ombudsman; and
- Regulatory criticism concerning the management of housing income and treatment of tenants.

5.5 CLIMATE CHANGE IMPLICATIONS

5.5.1 The policy has no direct climate change implications.

5.5.2 However, maintaining sustainable HRA income supports the Council's ability to invest in the maintenance, improvement and energy efficiency of its housing stock.

6. BACKGROUND DOCUMENTS

APPENDICES

Appendix A – Draft Housing income and Arrears Recovery Policy 2026-2028

Appendix B – EQIA Tenancy Audit Policy