



Rent and Arrears Policy and Procedures

If you require this policy in a different format please ask a member of staff

Date of Approval

Review Due

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1 Introduction

Control of any debts owed to the Association is an integral part of organisational service delivery. Debt control is essential for a number of reasons.

Firstly, it is necessary to maximise income to ensure that quality services can be provided to all tenants.

Secondly, debt control is important for the Association to meet its business objectives and financial commitments.

Thirdly, and equally important, it is important to assist tenants in arrears to help prevent their debts from becoming worse and causing them concern.

2 Arrears Management Policy

It is the general policy of the Association (sometimes referred to as “we”) to minimise the loss of income by establishing efficient and effective systems of debt recovery. These systems are based on both legal and best practice guidance. It is stressed that debt recovery methods will be flexible and take into account the needs of individual households.

In implementing debt recovery systems, we shall ensure that:

- no individual is discriminated against on grounds of sex or marital status, on racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.

This document outlines the Association’s Arrears Management Policy. Detailed procedures also exist that regulate staff practices involved in carrying out this policy. These procedures are subject to approval and regular monitoring by the Association’s Management Committee. Procedures are available for inspection on request from any member of the public.

3 Aims and Objectives of Policy

This section outlines the main objectives of the Arrears Management Policy. Information on individual commitments is detailed in later sections of this policy.

3.1 We aim to ensure that policy and practice conforms with law and good practice in minimising rent arrears. Thus, no action will be raised to recover possession of property unless it is deemed reasonable to do so. Appendix 1 provides details of the legal and best practice framework.

3.2 We will develop an arrears strategy based on the ethos of prevention of debt, including raising debt only actions. Eviction will be a last resort in arrears recovery and only considered when all other means to tackle debt have failed.

3.3 We will aim to reduce both amounts of arrears outstanding and numbers of tenants in arrears. This will apply to both current and former tenant arrears.

3.4 We will consider all possible methods of rent collection to meet, as far as possible, the needs and preferences of our tenants.

3.5 We will strive to maximise uptake by tenants of housing benefit and other welfare benefits to which they are entitled.

3.6 We will encourage tenants to mandate benefits directly to the Association to ensure reduction of any debts and consistency of future payments.

3.7 We will develop an inter-agency approach in dealing with arrears, for example, working closely with Social Work to ensure that the needs of households are dealt with on an individual basis.

3.8 We will tackle arrears promptly to prevent arrears and other debts becoming unmanageable.

3.9 We will implement systems for recovery of former tenants' debt.

3.10 We will ensure that arrears control is delegated effectively to staff with policy making and monitoring of performance being the chief remit of Committee. In order to achieve this, we shall ensure that staff receives comprehensive and ongoing training in effective arrears control and debt management.

3.11 We will develop and implement performance management systems for monitoring both the effectiveness and efficiency of current practice. This will include scrutiny of practice to ensure compliance with equal opportunity objectives. Appendix 2 lists current indicators used to monitor performance.

3.12 We will review arrears policy formally on a regular basis. Amendments will be made as required after full consultation with service users and other agencies, for example, Tenants and Tenants Groups, etc.

4 Key Policy Issues

4.1 Rent Payments

Tenants should use the method that best suits them and the Association will seek to develop new payment methods in accordance with advances in IT. Staff will provide advice on the different methods on request. Tenants should not send cash by post to the Association Office as this could go astray and the Association cannot accept responsibility.

Rent payments are due on the first of the Month. Where an agreement has been reached payment must be made before the last banking day of the month.

When tenants are unable to make rent payments by the date due they should contact housing management staff to explain the nature of the delay and to advise when payment will be made. If this is not done the rent account will automatically show arrears and arrears recovery procedures will begin.

The Association is legally required to give tenants 28 days clear written notice of any proposed rent increase. We are also required to discuss rental policy with tenants and any changes to that policy that are likely to affect them. Section 5 provides details on ways we intend to consult with tenants on policy development.

4.2 Arrears Procedures

(a) General Principles

Prevention of arrears is the main element of arrears management. In attempting to prevent arrears, the following principles are applied:

- Establishing separate and realistic repayment agreements for individuals in arrears.
- Advising tenants in arrears of benefits that can be claimed and agencies that can provide support, with the assistance of Money Matters.
- Offering a variety of payment methods to tenants
- Regarding technical arrears such as delayed housing benefit as non-arrears unless such payments, when received by the tenant, are not paid to the Association.
- Ensuring regular liaison with the local authority to minimise housing benefit difficulties.
- Having housing benefit / Universal Credit (housing element) payments mandated to the Association either voluntarily or in accordance with legal provisions.
- Monitor & pursue housing benefit claims by checking the housing benefit self-service portal and/or emailing specific questions as part of the pre-action requirements.
- Identify overpayment deductions and write to housing benefits asking for the deduction amount to be reduced or the overpayment appealed.
- Carrying out Housing Options Tenancy Sustainability interviews in order that a tenants particular circumstance can be assessed and support offered as required to best facilitate tenancy sustainment.

(b) Arrears Management: Specific Procedures

Detailed organisational procedures exist that govern arrears management practice. This section provides a summary of these procedures.

(i) Management Actions

In accordance with best practice guidance, no legal action will be considered until a broad range of management actions have been implemented.

These actions are as follows:

- Regular monitoring by the Housing Officer of rent accounts to identify arrears cases as soon as they arise.
- Establishing contact with tenants to identify the cause(s) of arrears and discuss methods of tackling the debt.
- Making suitable and affordable arrangements to clear arrears based on the tenant's ability to repay the debt.
- Monitoring agreed payment arrangements and taking appropriate action should arrangements break down.
- Carrying out Housing Options Tenancy Sustainment interviews to assess the particular circumstances of the tenant and what support they may access if required.
- Providing information about external agencies that can offer suitable debt counselling services; this includes liaison with such agencies on behalf of tenants provided they give prior consent.
- Requesting Money Matters to contact Tenants who do not respond to arrears letters and visits.
- Utilising appropriate methods of contact to ensure tenants are fully informed when in arrears, for example, sending personalised letters that are clear and user-friendly and using text anywhere .

(ii) Legal Action(s)

Legal action(s) will include (a) raising court actions to recover debt only, for example, using the Simple Procedures and (b) raising court actions to recover both debt and the property. It is emphasised that the second type of action will always be an action of last resort. Prior to consideration of eviction action, the Association will consider all other appropriate remedies and ensure that all pre-action requirements have been carried out. In no cases will eviction be considered unless arrears exist, the pre-action requirements have been completed and it is considered reasonable to seek eviction. In those situations where legal action to evict is considered necessary, the following principles will be applied:

- A notice of proceedings to be served only after the full range of management checks and pre-action requirements have been carried out
- The tenant either fails to make an arrangement, or fails unreasonably to keep to the agreed arrangement.
- A notice of proceedings to be served on all tenants and a copy of this notice to be served on any qualifying occupier. A qualifying occupier is anyone who satisfies the following:
 - A member of the tenants family aged 16 or over living with the tenant as their principal home;
 - Any subtenant, lodger or assignee (someone to whom the tenancy has been transferred).

- Notifying the Social Work Department/Homeless Persons Unit by serving a Section 11 notice.
- Raising an action for recovery only where the tenant continues to break reasonable arrears repayment arrangements, or fails to make arrangements without reasonable cause.

It is emphasised that the Association will provide the tenant with detailed information, both oral and written, of advice agencies that the tenant may wish to contact to seek support. This information will be provided prior to any court action to allow the tenant to obtain representation. This complies with the Association's commitment to the Human Rights Act 1998 & The Housing (Scotland) Act 2010 to ensure that tenants obtain a fair hearing.

(iii) Role of Management Committee

- Committee is responsible approving changes to policy
- Approves and monitoring performance targets. Targets will be broken down to a management patch area.
- Monitor compliance with the policy in line with remit Audit Sub-Committee.

5 Consultation Arrangements

We will advise and consult with individual tenants and any registered tenant organisation of any changes to this policy including their effect on tenants. We will do this via our newsletter, leaflets and letters.

6 Training

Training is a key part of the Association's organisational strategy. This strategy recognises that effective arrears management requires comprehensive and ongoing training of staff, as well as regular training for committee members.

Training varies depending on the job description of individual staff. Examples of types of training provided include the following topics:

- Legal provisions
- Best practice guidance
- Welfare rights and benefits
- Managing multiple debt
- Developing anti-poverty strategies

7 Former Tenant Arrears

It is Association policy to use efficient and effective methods for the recovery of former tenant debt. Details of these methods are contained within internal organisational procedures. These procedures are available for public inspection on request.

As a general principal, former tenant debt will be pursued rigorously. This may involve the use of court action as necessary, including the employment of specialist debt agencies to recover arrears.

8 Policy Review

This policy will be reviewed every three years, the next review being due in June 2020, or sooner if legislative or best practice changes require this.

Appendix 1: Law and Good Practice Guidance

Housing (Scotland) Act 2010

Housing (Scotland) Act 2001

Debtors (Scotland) Act 1987

Children (Scotland) Act 1995

Appendix 2: Performance Indicators

An arrears report is compiled by the Housing Manager on a monthly basis to enable the Committee to monitor arrears performance

Information presented to Committee includes the following data, as amended in accordance with the Scottish Housing Regulator's Requirements.

Rent collected as percentage of total rent due in the reporting year
Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent
Former Tenant arrears
Current Tenant Arrears
Eviction Reports