

# ARREARS RECOVERY POLICY

---

## 1. INTRODUCTION

- 1.1 This policy document outlines Reidvale Housing Association's policy in relation to arrears prevention, control and recovery.
- 1.2 The Association recognises the importance of keeping arrears to a minimum - both for the Association and for individual tenants - and will take all reasonable action to ensure that arrears are efficiently and effectively recovered.
- 1.3 The Association also accepts that tenants who owe rent to their landlord are likely to find being in arrears stressful, particularly if they have multiple debts and inadequate or irregular income. Reidvale Housing Association will therefore take a sympathetic, yet firm, approach to tenants in arrears. In doing this the Association recognises that arrears arise for different reasons and that therefore recovery procedures should be flexible and responsive to individual circumstances.

### **General Aims and Objectives**

- 1.4 In relation to rent arrears the objectives of the Association will be to:
  - minimise the loss of rental income to the Association;
  - be both fair and firm;
  - be prompt and effective in relation to arrears recovery;
  - operate an effective arrears control system; and
  - emphasise prevention.

### **Best Practice Guidance**

- 1.5 This policy document has been based on examples of best practice, in particular, Raising Standards in Housing: Rent Arrears, SFHA/Communities Scotland (2002); Performance Standards; SFHA/Communities Scotland/COSLA (2006); Managing Rent Arrears: Getting the Balance Right - A Joint Study, Accounts Commission/Scottish Homes (2000), Rent Arrears - Briefing Note 21, Chartered Institute of Housing (2001), Possession Actions and Evictions by Social Landlords, Pawson, Flint et al (2005) and Evictions in Practice, Communities Scotland (2005)

1.6 The policy contains information on the following topics:

- prevention;
- rent arrears recovery;
- former tenant arrears;
- information;
- targets, standards, monitoring and performance indicators;
- staff and committee issues; and
- policy reviews.

1.7 The policy was agreed by the Management Committee on 25 November 2009.

## **2. PREVENTION**

2.1 The Association places considerable importance on the prevention of arrears - particularly serious or substantial arrears. A key aspect of this prevention will be the setting of rents that are affordable (subject to maintaining the levels of service approved by the Association's Management Committee) to all tenants - particularly those on a low earned income. The Association also seeks to avoid, as far as is possible, the setting of rents which result in households being caught in the 'poverty trap'.

2.2 The following measures will be adopted to prevent, as far as possible, the development of arrears.

### **Pre-tenancy counselling and information:**

2.3 All prospective tenants will be informed in writing of the rent of the property they have been offered.

2.4 New tenants will be given written information concerning the rent for their home at their 'signing up' meeting. This information will, as a minimum, detail the following:

- the amount of rent and service charges due;
- payment methods;
- date of next rent increase.

2.5 In relevant circumstances, tenants will be informed of the availability of any local assistance with the costs of moving/setting up home - where this is available.

- 2.6 All new tenants will receive a 'settling in' visit within approximately 4-6 weeks of moving into their new home. This visit will include a discussion of their rent charges and payment methods.
- 2.7 Tenants will be given the opportunity to pay weekly, fortnightly or monthly using a variety of payment methods (please refer to policy on rents).

### **Housing Benefit, Welfare Benefits Advice and Debt Counselling**

- 2.8 Housing Benefit has a crucial role to play in minimising arrears - if tenants are not receiving their full entitlement of housing benefit they are more likely to fall into arrears. Serious arrears can also be caused by the overpayment and subsequent clawback of housing benefit when household circumstances change.
- 2.9 The following steps will be taken in relation to benefit claims:
- i) All tenants will be actively encouraged to claim all the welfare benefits to which they are entitled - including housing benefit;
  - ii) All new tenants will be offered an appointment at the nearby Parkhead Citizens Advice Bureau to enable a full benefits assessment to be carried out;
  - iii) All new tenants will be given assistance to complete housing benefit forms at their "signing-up" interview and will be asked about their claim during their "settling-in" visit;
  - iv) All tenants in receipt of housing benefit will be encouraged to agree that their housing benefit should be paid direct to the Association by the local authority;
  - v) The Association will seek to work with other organisations in the area who can provide welfare benefits advice and/or debt counselling;
  - vi) The Association will co-operate with other organisations in promoting benefit take-up campaigns.
  - vii) Tenants in arrears with multiple debts will be encouraged to seek advice from specialist debt counsellors.
- 2.10 For additional information on this subject please refer to the Association's Housing Benefit Policy.

## **Rent collection and accounting**

- 2.11 Arrears levels may be reduced by effective rent collection and accounting systems - the easier it is for people to pay and the better the system for determining when people stop paying, the more likely it is that rental income will be maximised.
- 2.12 The following points are made in relation to rent collection and accounting systems:
- an effective rent accounting system will be maintained to ensure that balances are accurate;
  - rent accounts will be monitored on a regular basis to allow staff to detect as soon as a rent payment is missed;
  - early action will be taken when an arrear is first noted.

## **3. RENT ARREARS RECOVERY**

- 3.1 Complementary to this Policy are written guidelines provided for all staff involved in arrears control which are intended to ensure that there is good practice and consistency of approach to the principles contained in this Policy.
- 3.2 Considerable emphasis will be placed on developing personal contact by staff with tenants in arrears.
- 3.3 Wherever possible, Association staff will seek to recover any rent arrears with the voluntary co-operation of the tenant concerned. The Association will, however, be prepared to take legal action to recover arrears, or to evict a tenant for failure to pay the rent, where all other methods of recovery have been tried and failed and where the arrear is serious.
- 3.4 Association staff will respond promptly and purposefully to missed payments of rent with contact generally by letter or personal visit to the tenant's home.

### **Arrangements**

- 3.5 The Association will seek to agree realistic arrangements to pay off arrears with individual tenants. Arrangements will balance a tenant's ability to pay with the amount of the outstanding arrear. Where appropriate, staff should complete an income and expenditure assessment with the tenant to determine what level of payment can be afforded.

- 3.6 The repayment arrangement will be confirmed in writing and the tenant will be asked to sign to acknowledge his/her agreement where appropriate.
- 3.7 Staff will monitor payments to ensure that the repayment arrangement is being adhered to. Where this is not the case, staff will take immediate appropriate action.
- 3.8 Where a tenant in arrears is in receipt of Income Support the Association may, with the consent of the tenant, request the D.W.P. to make deductions from his/her Income Support and forward these amounts to the Association so that the arrear is gradually reduced.
- 3.9 Where the tenant is in arrears by more than eight weeks rent the Association will mandate housing benefit payments direct to the Association. This does not require the consent of the tenant.
- 3.10 Where appropriate, tenants will be encouraged to contact external organisations able to offer debt counselling. In such cases, the Association understands that all information provided by the tenant to the counselling service will be confidential.

### **Legal Action**

- 3.11 The Association will be prepared to take legal action against tenants who persistently fail to maintain regular payment of rent.
- 3.12 The decision to serve a Notice of Proceedings for Recovery of Possession rests with the housing officer. The Notice will be served on the tenant(s) and all qualifying occupiers. In normal circumstances a Notice will be served by the time three months rent is outstanding.
- 3.13 Where the serving of a Notice has not resulted in regular and adequate payments being made by the tenant the case will be booked into the Sheriff Court. This decision to commence court action will require the agreement of the Housing Manager.
- 3.14 In order to comply with the requirements of Section 11 of the Homelessness (Scotland) Act 2003 the Association's solicitors will send a Section 11 Notice to Glasgow City Council at the same time as they seek a court date for eviction proceedings.
- 3.15 Where the Association is granted Decree for Eviction against a tenant in the Sheriff Court staff must receive the authorisation of the Management Committee to proceed with an eviction.

- 3.16 Staff must adhere to strict guidelines relating to legal proceedings.

### **Transfers**

- 3.17 Existing tenants of the Association will not usually be permitted to transfer to another Association property if they have rent arrears. Any exception to this will require the permission of the Housing Services Sub-Committee.

## **4. FORMER TENANT ARREARS**

- 4.1 The Association aims to recover arrears from former tenants using all efficient and economic means possible.
- 4.2 The Association will ensure that all former and current tenant arrears are held in separate accounts. The Association will not hold a current tenant responsible for the arrears of a former tenant.

### **Former Tenant Register**

- 4.3 In accordance with the Association's Former Tenant Arrears Policy and Procedures all former tenant arrears will remain on record. The Housing Manager will be responsible for submitting on an annual basis a summary of the cases which apply under the write-off criteria to the Management Committee.
- 4.4 Balances which have received the authorisation of the Management Committee to be written-off will remain on easily accessible records. Arrears will then be pursued should news of the tenant arise at a later date or should the tenant apply to the Association for rehousing.

## **5. INFORMATION**

- 5.1 All tenants will be able to request up-to-date information on their current rent account.
- 5.2 All tenants will be given clear information on rent levels, other charges (where applicable) and payment methods.
- 5.3 All tenants will be given clear information on what they should do if they have arrears.
- 5.4 All tenants who fall into arrears will be notified by Association staff.

- 5.5 All tenants will be given clear information on the Association's arrears policy - including the action that will be taken if rent is not paid and the help that will be available.

### **Information Systems For Staff**

- 5.6 Effective arrears control depends on good information systems for staff. Staff must be able to both identify new arrears cases as early as possible and to follow the progress of existing arrears cases continually.

- 5.7 The system used by the Association will therefore allow:

- i) accounts to be updated as soon as payments/adjustments are processed;
- ii) staff to distinguish between payments made by tenants and housing benefit credits/debits;
- iii) housing staff to have continual access to rent information (including former tenant accounts);
- iv) staff to record the action taken to recover the arrears - including legal action;
- v) staff to produce summary reports on arrears;
- vi) all arrears information to be held securely - with access controlled by a security code system.

## **6. CONFIDENTIALITY**

- 6.1 The Association operates policies and procedures which seek to ensure that staff and committee members respect confidentiality in relation to arrears work.

- 6.2 To ensure confidentiality the following steps are taken:

- i) only staff have access to arrears files
- ii) only staff discuss arrears with tenants
- iii) all reports to the Housing Services Sub-Committee and Management Committee use codes to refer to the cases. Staff will take all reasonable steps to ensure that individual tenants cannot be identified from these codes.

## **7. MONITORING AND PERFORMANCE INDICATORS**

### **Monitoring**

7.1 The following information on arrears will be collected and monitored:

- i) percentage of the monthly rent received;
- ii) arrears as a percentage of the monthly rent debit;
- iii) arrears as a percentage of the annual rent debit;
- iv) the total number and percentage of tenants in arrears;
- v) the number of notices of possession issued;
- vi) the number of evictions.

### **Targets**

7.2 Targets will be set in relation to the arrears as a percentage of the annual rent debit.

7.3 The Association will comply with the relevant Scottish Housing Regulator's Performance Standards.

## **8. STAFF AND COMMITTEE**

8.1 Reidvale Housing Association will ensure that staff and committee responsibilities in relation to arrears are clearly defined.

### **8.2 Committee Responsibility**

The Management Committee has overall responsibility for the Association's arrears policy. The Committee will:

- i) review and amend the Association's policy as required;
- ii) make any decisions required concerning evictions to be carried out on the grounds of rent arrears;
- iii) delegate responsibility to the Housing Services Sub-Committee to monitor the level of arrears and the action taken by staff concerning all cases over £300.

### 8.3 **Staff Responsibility**

The Housing Manager will provide a written report to the Housing Services Sub-Committee on a monthly basis. This report will detail, as a minimum:

- i) the total value of rent outstanding;
- ii) arrears as a percentage of annual rent collectable;
- iii) arrears attributable to Housing Benefit delays;
- iv) the number and percentage of tenants in arrears;
- v) comparative figures for the previous month and for the equivalent month in the previous year.

### **Staff Training**

8.4 Reidvale Housing Association will ensure that all staff who are required to undertake arrears work receive appropriate and regular training.

8.5 Clear procedures and guidelines will be maintained to ensure a consistent and equitable treatment of tenants in arrears.

## **9. POLICY REVIEW**

9.1 The arrears policy will be reviewed and amended as necessary at least every five years.

9.2 It will be reviewed in the light of legislative changes, new policy/good practice guidance, the performance of the Association and the views of its tenants.

9.3 The targets relating to arrears recovery will be reviewed and amended as appropriate on an annual basis.

9.4 The Association will seek to involve tenants in the policy and performance reviews.