



# REIDVALE HOUSING ASSOCIATION

## Arrears Recovery Policy

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Author	Housing Manager

## POLICY SUMMARY

<b>Purpose:</b>	The purpose of this policy is to set out Reidvale Housing Association's approach in relation to arrears recovery.
<b>Legislation / Guidance:</b>	The Association is a company under the Co-operative and Community Benefit Societies Act 2014, and a company regulated by the Financial Conduct Authority (FCA). Statutory Guidance The Scottish Social Housing Charter Requirements of the Scottish Housing Regulator
<b>Regulatory Compliance</b>	Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.  Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.  Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.  Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.  Standard 5: The RSL conducts its affairs with honesty and integrity
<b>Linked Policies</b>	Allocation Policy Succession of Tenancy Policy Assignment of Tenancy Policy Mutual Exchange Policy Rechargeable Repair Policy Privacy Policy Complaints Policy Tenant Participation Policy Equality & Diversity Policy Recovery of Former Tenant Arrears Policy
<b>Financial Impact</b>	Medium
<b>Risk Assessment</b>	Low
<b>Equalities Impact Assessment</b>	Yes
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## **1. INTRODUCTION**

- 1.1 Reidvale Housing Association is a community based housing association operating in the South Dennistoun area of the east end of Glasgow with the aim of providing good quality, affordable, rented accommodation for those in housing need whilst promoting a balanced community.

## **2. AIMS AND OBJECTIVES**

- 2.1 The purpose of this document is to outline Reidvale Housing Association's policy in relation to arrears prevention, control and recovery.
- 2.2 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.
- 2.3 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.
- 2.4 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.

## **3. LEGAL AND REGULATORY FRAMEWORK**

- 3.1 This policy has been developed within a framework that ensures proper compliance with the following legislation, regulatory standards and good practice.
- 3.2 Reidvale Housing Association Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, a registered social landlord and regulated by the Financial Conduct Authority (FCA).
- 3.3 We are regulated by the Scottish Housing Regulator (SHR). Their Regulatory Framework sets out seven Standards of Governance and Financial Management. Relevant to this Policy are particular elements under Standards:

Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.

Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.

Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

Standard 5: The RSL conducts its affairs with honesty and integrity

3.4 The Scottish Social Housing Charter was introduced by the Scottish Government in 2012. The Charter sets out the standards and outcomes for all social landlords when performing their wide range of activities. The Scottish Housing Regulator monitors associations' performance against the Charter through their regulatory assessments. The Association will comply with the following Scottish Social Housing Charter requirements most relevant to this policy:

- Outcome 1: Equalities – every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.
- Outcome 2: Communication – tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.
- Outcome 3: Participation – tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.
- Outcome 11 – Tenancy Sustainment – tenants get the information they need on how to obtain support to remain in their home and ensure suitable support is available, including services provided directly by the landlord and by other organisations.
- Outcome 13 – Value for Money – tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
- Outcomes 14 & 15: Rents and Service Charges – a balance is struck between the level of services provided, the cost of the service, and how far current and prospective tenants and other customers can afford them. Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.

3.5 The legal framework in relation to rent management is set out in the Housing (Scotland) Act 2001 and the Housing (Scotland) Act 2010. The 2001 Act explains the process and grounds in which a landlord can initiate recovery of possession when a tenant has breached the condition of their tenancy agreement by accruing arrears. The 2010 Act sets out “pre action requirements” for raising legal action and provides clarity for social landlords dealing with tenants following the granting of a Decree on the grounds of rent arrears.

3.6 In addition, the Association aims to comply fully with the following legislation:

- Data Protection Act 2018
- Equality Act 2010
- Human Rights Act 1998
- Homelessness etc. (Scotland) Act 2003
- Bankruptcy and Diligence etc. (Scotland) Act 2007
- Debtors (Scotland) Act 1987

3.7 This policy has also taken full cognisance of good practice guidance in relation to the prevention and management of rent arrears from the Chartered Institute of Housing and the Scottish Federation of Housing Associations.

## **4. ARREARS RECOVERY POLICY**

### **4.1 Prevention**

4.1.1 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'.

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

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

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

4.2.2 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

4.2.3 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.

4.2.4 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.

4.2.5 Tenants will be given the opportunity to pay weekly, fortnightly, four weekly or monthly using a variety of payment methods.

#### 4.3 Assistance with Housing Costs i.e. Housing Benefit/Universal Credit, Welfare Benefits Advice and Debt Counselling

4.3.1 The entitlement of housing costs i.e. Housing Benefit and Universal Credit have a crucial role to play in minimising arrears - if tenants are not receiving their full entitlement of benefits they are more likely to fall into arrears. Serious arrears can also be caused by the overpayment and subsequent repayment of benefit when household circumstances change.

4.3.2 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/universal credit;
- ii) all new tenants will be offered an appointment with a Welfare Rights Advisor to enable a full benefits assessment to be carried out;
- iii) all new tenants will be given advice on the completion of housing benefit/universal credit application at their "signing-up" interview and will be asked about their claim during their "settling-in" visit;
- iv) all tenants in receipt of housing costs will be given advice on how their housing costs can be paid direct to the Association by the local authority or department of works and pension;
- v) the Association will inform tenants of the implications of any pending Welfare Benefit Reforms that may impact on the tenant's ability to pay their rent;
- vi) the Association will seek to work with other organisations in the area who can provide welfare rights advice and/or debt counselling;
- vii) the Association will co-operate with other organisations in promoting benefit take-up campaigns;

viii) tenants in arrears with multiple debts will be encouraged to seek advice from specialist debt counsellors.

#### 4.4 Rent Collection and Accounting

4.4.1 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.

4.4.2 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.

#### 4.5 Rent Arrears Recovery

4.5.1 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.

4.5.2 Considerable emphasis will be placed on developing personal contact by staff with tenants in arrears.

4.5.3 Effective communication is vital to the successful management of rent arrears. It is expected that Housing Officers/Housing Assistants will make a judgement and tailor communication to each individual arrears case. Accordingly, although contact can be varied – telephone calls, home visits, emails, text messaging, letters and online meetings – staff need to determine the appropriate communication method for each case and reiterate the importance of keeping in contact or informing the Association when changes in circumstances happen.

4.5.4 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.

4.5.5 Association staff will respond promptly and purposefully to missed payments of rent.

## 4.6 Arrangements

- 4.6.1 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.
- 4.6.2 The repayment arrangement will be confirmed in writing and the tenant will be asked to sign to acknowledge his/her agreement where appropriate.
- 4.6.3 Staff will monitor payments on a regular basis to ensure that the repayment arrangement is being adhered to. Where this is not the case, staff will take immediate appropriate action. The added value of regular monitoring is developing a 'feel' as to how and when tenants pay, which allows for quick intervention when a payment does not appear in the account.
- 4.6.4 Where a tenant in arrears is in receipt of benefits e.g. Universal Credit the Association may request that deductions are made from his/her future benefit entitlement and forwarded to the Association so that the arrear is gradually reduced.
- 4.6.5 Where the tenant is in arrears the Association will request benefit payment of housing costs are paid direct to the Association.
- 4.6.6 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.

## 4.7 Legal Action

- 4.7.1 The Association will be prepared to take legal action against tenants who persistently fail to maintain regular payment of rent.
- 4.7.2 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 when a tenant fails to reduce arrears, refuses to make payment arrangements or continuously breaks payment arrangements without good cause.
- 4.7.3 As well as establishing if there are any qualifying occupiers resident in the house before serving a Notice of Proceedings staff will make sure that they have met the 'pre-action requirements' set out in the 2010 Act. These eight pre-action requirements are to:

- Give clear information about the terms of their tenancy agreement and any outstanding rent or other financial obligations;
- make reasonable efforts to provide tenants with help and advice on their eligibility for housing benefit and other types of financial assistance;
- give the tenant information about sources of help and advice with the management of debt;
- make reasonable efforts to agree with tenants a reasonable plan for future payments;
- consider the likely result of any application for housing benefit that has not yet been decided;
- consider other steps the tenant is taking which are likely to result in payment within a reasonable time;
- consider whether the tenant is complying with the terms of an agreed plan for future payments; and,
- encourage the tenant to contact the local authority.

4.7.4 The Housing (Scotland) Act 2001 sets out the relevant ground for recovery of possession for rent arrears. This is Ground 1, Schedule 2, Part 1: “Rent lawfully due from the tenant has not been paid, or any other obligation of the tenancy has been broken”.

4.7.5 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.

4.7.6 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 the Glasgow Housing and Social Care Partnership at the same time as they seek a court date for eviction proceedings.

4.7.7 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.

4.7.8 Staff must adhere to strict guidelines relating to legal proceedings.

## 4.8 Transfers

4.8.1 Existing tenants of the Association with outstanding arrears, seeking access to the Association’s housing list, will require approval from the Senior Management Team.

## 4.9 Former Tenant Arrears

4.9.1 The Association aims to recover arrears from former tenants using all efficient and economic means possible.

4.9.2 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.

#### 4.10 Former Tenant Register

4.10.1 In accordance with the Association's Recovery of 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.

4.10.2 Balances which have received the authorisation of the Management Committee to be written-off will remain on protected 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.

#### 4.11 Information

4.11.1 All tenants will be able to request up-to-date information on their current rent account.

4.11.2 All tenants will be given clear information on rent levels, other charges (where applicable) and payment methods.

4.11.3 All tenants will be given clear information on what they should do if they have arrears.

4.11.4 All tenants who fall into arrears will be notified by Association staff.

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

#### 4.12 Information Systems for Staff

4.12.1 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.

4.12.2 The system used by the Association will therefore allow:

- accounts to be updated as soon as payments/adjustments are processed;
- staff to distinguish between payments made by tenants and third party agencies e.g. housing benefit credits/debits and universal credit payments;
- housing staff to have continual access to rent information;
- staff to record every action taken to recover the arrears - including legal action;
- staff to produce summary reports on arrears; and

- all arrears information to be held securely - with access controlled by a security code system.

#### 4.13 Confidentiality

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

4.13.2 To ensure confidentiality the following steps are taken:

- Only staff have access to arrears files.
- Only staff discuss arrears with tenants.
- All reports to the 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.

#### 4.14 Monitoring and Performance Indicators

##### 4.14.1 Monitoring

The following information on arrears will be collected and monitored:

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

##### 4.14.2 Targets

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

#### 4.15 Staff and Committee

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

#### 4.15.2 Committee Responsibility

The Management Committee has overall responsibility for the Association's arrears recovery 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.

#### 4.15.3 Staff Responsibility

The Housing Manager will provide a report to the Management Committee on a quarterly 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 direct housing costs payment delays;
- iv) the number and percentage of tenants in arrears; and
- v) comparative figures for the previous month and for the equivalent month in the previous year.

### 5. STAFF TRAINING

- 5.1 Reidvale Housing Association will ensure that all staff who are required to undertake work in arrears recover process receive appropriate and regular training.

Clear procedures and guidelines will be maintained to ensure consistent and equitable treatment of tenants when seeking recovery of arrears.

### 6. EQUALITY AND DIVERSITY

- 6.1 Reidvale Housing Association is an equal opportunities organisation. We are committed to providing an environment of respect, understanding, encouraging diversity and eliminating discrimination. No person or group of persons applying for housing and housing services will be treated less favourably than any other persons or groups of persons because of their age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

### 7. COMPLAINTS

- 7.1 Although we are committed to providing high levels of service, we accept that there may be occasions where a service user may not be satisfied with the service received from the Association. We value all complaints and use this information to

help us improve our service. Any service user, complying with the procedure, but remaining dissatisfied with any aspect of the service they have received have the right to submit a complaint to the Association in accordance with the Complaints Handling Procedure.

## **8. GDPR**

- 8.1 Reidvale Housing Association will treat your personal data in line with our obligations under the current General Data Protection Regulation and our Privacy Policy. Information regarding how your data will be used and the basis for processing your data is provided in our Fair Processing Notice.

## **9. POLICY REVISION**

- 9.1 The Association undertakes to carry out a comprehensive review of all aspects of this policy at least every three years. The review will take account of legislative changes, new policy guidance, best practice advice and the views of service users