



Housing Management
Arrears Policy
August 2021
August 2024

Policy on :	Rent Arrears Policy
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<p>Compliant with the Scottish Social Housing Charter :</p>	<p>Charter Ref no 1: Equalities Social Landlords perform all aspects of their housing service so that:</p> <ul style="list-style-type: none"> • Every tenant and other customer have their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services. <p>Charter Ref no 3: Participation Social Landlords manage their business so that:</p> <ul style="list-style-type: none"> • Tenants & other customers find it easy to participate in and influence landlords' decisions at a level they feel comfortable with. <p>Charter Ref no 11: Social Landlords make sure that:</p> <ul style="list-style-type: none"> • 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 <p>Charter Ref no 13: Social Landlords manage all aspects of their business so that:</p> <ul style="list-style-type: none"> • Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
<p>Compliant with Tenant Participation Strategy:</p>	<p>N/A</p>
<p>Compliant with Equal Opportunities:</p>	<p>Yes</p>
<p>Compliant with Business Plan:</p>	<p>Yes</p>

<p>Date Approved: Date for Review :</p>	<p>August 2021 August 2024</p>
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<p>Responsible Officer:</p>	<p>Housing Manager</p>
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RENT ARREARS POLICY

Introduction

The Association aims to maximise its rental income through the collection of rent & service charges and the recovery of rent & service charge arrears. We recognise the need to maximise our rental income to meet the Association's Business Objectives and meet our financial commitments.

This policy covers both arrears for current & former tenants and shared owners.

Legislative Framework

This policy reflects "good practice" and complies with the following legislation:

- The Housing (Scotland) Act 2001, 2010 & 2014
- The Data Protection Act 2018
- The Equalities Act 2010
- The Scottish Social Housing Charter
- The Homelessness etc (Scotland) Act 2003
- Bankruptcy (Scotland) Act 1985 (Low Income, Low Asset Debtors etc) Regulation 2008
- Debtor's (Scotland) Act 1987
- Statutory Instrument 2012 No 127 Pre-Action Requirements Order 2012.
- Welfare Reform Act 2012
- Scottish Secure Tenancy Agreement, Short Scottish Secure Tenancy Agreement and Occupancy Agreement – Paisley HA Tenancy and Occupancy Agreements contain specific conditions in relation to the payment of rent and other tenancy related charges. Non-payment of these charges represents a breach of the tenancy or occupancy conditions.

Business Plan

This policy supports the Association's Strategic & Business Objectives (BOs) specifically;

2. CUSTOMER SERVICE-Provide excellent customer service which represents best value for money and embraces current technology and communications.
5. VIABILITY-Ensure the financial and organisational viability of the Association.

Aims

The Association's aims are to:

- Prevent arrears from occurring in the first instance
- Manage the recovery of arrears in an efficient & effective way.
- Enforce action for the recovery of arrears where tenants fail to agree a repayment arrangement for their arrears &/or make agreed payments.

- To provide services which support tenants changing needs

Links to other Housing Services

The Association recognises that the recovery of arrears does not operate in isolation of other services we provide.

- **Rent Setting Policy**

Our rents are based on properties of the same size and type having the same rent. Our rents reflect the costs required to cover loan charges, voids, management & maintenance costs, including amounts set aside for future expenditure.

That rents are affordable to tenants and represent value for money.

We consult with our tenants on any proposed increase to both rent & service charges and give our tenants a minimum of 4 weeks notice of increase.

- **Allocations Policy**

We include within our policy the requirements of the Housing (Scotland) Act 2001 to disregard:

- Any former tenant rent arrears or other tenancy debt older than 3 years
- any debt owing to the Association (rent arrears and recharges) less than 1/12th of the current annual rent.
- Where a tenant with rent arrears has maintained a suitable arrangement for at least three months and is continuing to make such payments.
- Any outstanding debts, including missed Council Tax payments, which do not relate to the tenancy of a house.

Our Allocations Policy applies to both existing tenants seeking a transfer and applications to us for housing.

- **Tenant Participation Strategy**

We consult with our tenants on our proposed rent & service changes and have regard to the views given before implementing any change.

- **Advice Service**

We promote our Advice Service, which includes Welfare Benefits, Money and Energy Advice, to both new & existing tenants. We aim to ensure they receive the benefits they are entitled to, maximise their income and minimise their expenditure by making best use of their money and minimising expenditure on Energy. We recognise that the Advice Service is both a preventative measure and a reactionary service assisting tenants in sustaining their tenancies.

- **Homeless Prevention Project (2021 – 2023)**

We promote our Homeless Prevention project service which aims to provide tenants with the best start in their property and work with tenants at risk of homelessness to deal with any issues that may be contributing to this risk.

Partnership Working

The Association recognises the importance of working with others to benefit our tenants and assist towards us achieving our aims. We work in partnership with the following:

- **Renfrewshire Council - HB Verification Framework**

Renfrewshire Council is responsible for the processing and award of housing benefit on behalf of the Department of Works and Pensions. Under the verification framework the Association has become a partner to the Council and can offer our new & existing tenants a verification service for HB applications. This service complements:

- Our aim to prevent arrears arising by offering assistance to new tenants applying for HB entitlement and controlling the process of submitting applications.
- Our aim to manage the recovery of arrears in an efficient & effective way by offering assistance to existing tenants who, due to changing circumstances, are required to make a new application for HB.

Our Service Level Agreement with the Council gives commitments for them to process claims within the 14 day timescale therefore assisting us in identifying early action for cases where HB is not being awarded.

Where we receive HB payments on behalf of the tenant and we become aware of a change in their circumstances which would affect their entitlement we will notify the Council.

- **DWP**

The Association liaises with DWP in respect to management of Universal Credit (UC) to assist tenants in making and management of their UC claims and for alternative payment arrangements.

- **External Agencies**

We identify vulnerability of both new & existing tenants and signpost to external agencies for support.

Universal Credit

Universal Credit brings together several different benefits and combines and combines:

- Housing Benefit
- Income based Job Seekers Allowance

- Income related employment and support allowances
- Income support
- Child tax credit
- Working tax credits.

UC will apply where tenants make a new claim for any of the above benefits and there will be transitional period for existing claims to be transferred onto UC until 2023.

Under Occupation Tax

Where the Association has identified that a tenant will be affected by the under occupation tax at either the 14% or 25% rate we will advise the tenant accordingly of their rental liability and will offer assistance to make a claim for Discretionary Housing Payment (DHP). Where DHP has been awarded Renfrewshire Council will make payments to the Association. While waiting the processing of DHP tenants rent arrears will increase. These arrears will be classed as technical arrears and recovery action will be suspended unless there is/ has been a change in circumstances which would affect the tenant's entitlement to the payment.

Delivering our Aims

1. Preventative Action

Information & Advice

- Give clear information to prospective and existing tenants, individually and via our website on the rent & service charges which apply to their property
- Give clear information on how tenants payments will be applied to their accounts i.e., in the first instance to any service charges which apply and then to rent
- Give clear information on the criteria which will be applied to any payments the Association is due to make to the tenant i.e., decoration allowance payments
- Promote a positive payment culture through our contact with prospective & existing tenants
- Offer tenants as wide a choice of payment methods as possible.
- Provide 4 weeks notification of any change in rent or service charges
- Maintain an efficient rent accounting system which provides accurate information on tenants rent & services accounts
- Provide annual rent statements in addition to on request
- Identify any prospective, existing tenants who are vulnerable and record any additional contact details/action needed to support them in the management of their tenancy
- Promote our Advice Service and Homeless Prevention Service.
- Provide information on external services which may assist our tenants manage their rent accounts.
- Work with our partners to provide the information required to assist our tenants in the uptake of benefits.

- Profile tenants in arrears to target resources
- Assist with online claims for UC
- Provide free access to the internet for new/current tenants to make and manage their UC claims
- Promote the uptake of basic bank accounts to facilitate UC
- Require payment of 1 months' rent in advance at sign ups with the exception of HB which will be 1 week as HB is paid weekly in arrears. This requirement will be relaxed for Section 5 referrals and applicants who are identified as needing to move for safety reasons.

Staff Contact

- Offer an affordability assessment/ HB check for all prospective tenants at selection stage to assist them in making an informed decision on being able to manage a tenancy
- Carry out accompanied viewings for all properties
- Carry out an HB/UC assessment, if not taken up at selection stage, prior to sign up.
- Provide assistance to tenants in completing their HB/ UC claim.
- Offer the services of our Welfare Benefits Officer for advice on benefits and on maximising tenants incomes.
- Signpost/make referrals for new & existing tenants to other agencies for support & debt advice as appropriate
- Carry out new tenant visits/ contact within 4 weeks of the new tenant signing up for the property.
- Encourage early contact by tenants for changes of circumstances or where tenants experience difficulty in making payment of rent & service charges.
- Offer our Energy Advice Service to assist tenants make energy efficiency savings

2. Managing the Recovery of Arrears

The Tenancy Agreement sets out the responsibilities for the payment of rent & service charges. Where a tenant fails to make payment either in full or part the Association will seek to recover the debt through our arrears procedures. To be effective in our recovery of arrears we will:

- Ensure staff are fully trained in our arrears policy & procedures and apply them consistently
- Focus on early personal contact with tenants who fall into arrears and maintain regular contact throughout the recovery of the arrear.
- Carry out home visits as required, some of which may be out with office hours. Staff will carry out risk assessments in relation to home visits.
- Use remote access to our housing system and the internet when carrying out visits to tenants

- Encourage tenants to carry out an income/ expenditure assessment and agree realistic voluntary arrangements for the repayment of arrears based on individual circumstances
- Operate an effective computerised rent accounting system that clearly records all actions taken for the recovery of arrears and provides all the necessary reports to identify and manage arrears recovery.
- Operate effective financial management of accounts to ensure that tenants accounts are accurate.
- Work closely with RC to ensure tenants HB claims are processed as quickly and accurately as possible.
- Work closely with DWP to ensure Universal Credit claims are being processed correctly
- Comply with legislation in respect to tenants who have arrears and have been sequestrated or have Trust Deeds in place.
- Progress to legal action where the tenant;
 - Fails to agree an arrangement to repay their arrears
 - Repeatedly breaks their arrangement and their arrears are not decreasing.
 - For any such period as our Homeless Prevention Service is available, tenants who have requested the 1-month moratorium on any legal action to allow engagement with that service but have not adhered to the requirements of the moratorium.

Joint Tenants Liability

Joint tenants are jointly and severally liable for any debts that accrue during their tenancy i.e., rent arrears or recharges. In the event that a joint tenant ends their interest in the tenancy or is sequestrated/enters into a trust deed the Association will pursue the remaining/other joint tenant for the full debt owing.

3. Enforcing Action for the Recovery of Arrears

The Association will:

- Follow the pre- action requirements as set out within the Housing (Scotland) Act 2010
- Notify the Council's Housing Advice Section where the Association is pursuing legal action following the issue of an NOP and when enforcing a decree.
- Notify the Social Work Department where court action is due to be raised where children are part of the household.
- Notify the Social Work Department where a decree has been awarded & there are children and/or vulnerable adults are part of the household.
- For common heating service charge arrears & pursue fuel direct payment as appropriate to the tenant's circumstances
- Seek court expenses for all actions raised and pursue the recovery of these through recharges to the tenant or former tenant
- Enforce any eviction decree for arrears within 6 months, ending the tenancy on the date the property is repossessed.

Housing Benefit Overpayment & Requests for Refunds from Accounts

The Association receives direct payment of HB from the Council for some of its tenants & notifications of changes to housing benefit entitlements. Where the Council makes a request for the repayment of an overpayment the Association will only make payment where we were aware of the tenant's change of circumstances and the Council had not been notified.

Where the Council takes ongoing deductions from direct payments, we will assist tenants to get these reduced to a minimum so they can afford to pay the remaining charge.

Rents & service charges are due for payment 1 month in advance on the 28th of each month. Where a tenant seeks the repayment of a credit on their account the Association will only refund any money greater than 1 month's full rent and service charges. The Association will however consider requests individually where the tenant is in crisis and on Full HB.

Prior to any refund the Association will also check for any overpayment of HB due to be recovered by Renfrewshire Council from the Association and any other debts owed to the Association e.g., rechargeable repairs, court expenses, recovered UC overpayment.

Universal Credit Overpayment

All overpayments of Universal Credit are recoverable, however, they may only be recovered from a landlord where:

- The overpayment has resulted from a change of address
- The overpayment has resulted as the Landlord has misrepresented a material fact
- The Universal Credit has been calculated in error based on a Housing Cost figure that is greater than the rent due

In all these cases the Association will make payments due to DWP and any rent arrears balance caused will be recovered from the tenant or former tenant in line with the rest of this policy.

If the circumstances that resulted in the overpayment fall outwith these prescribed criteria, the Association will challenge the recovery of the overpayment from the landlord and advise the DWP to recover from the tenant or former tenant.

If a Universal Credit overpayment is recovered from the tenant, the Association will promote the use of our Advice Services to reduce any recovery to an affordable amount.

Former Tenants

The Association aims to minimise former tenant debts through the management of current tenant rent accounts and by applying our End of Tenancy procedures.

In the recovery of former tenant arrears, we will:

- Provide former tenants with clear information about the balance on their account
- Offer a range of payment methods
- Have a separate procedure for the recovery of former tenant arrears
- Use the services of a qualified and experience debt recovery agency as required.
- Report to the Board performance against KPIs for the creation of new former tenant arrears
- Write off debts when it is clear they can no longer be pursued

Shared Ownership Arrears

The Association will monitor Shared Ownership Accounts and will follow the arrears recovery procedure for any arrears up to 2 months charges. For arrears over 2 months charges the Association will notify the lender and request, in accordance with the appropriate Occupancy Agreement, that the lender initiates legal steps for the recovery of the property, or the recovery of monies owed. Where the Sharing Owner has no loan outstanding the Association will pursue a small claims action for the outstanding debt.

Write offs

The Association will write off:

- Any arrears on a current / former tenant's rent account in the event of their death and where there is no estate to recover the debt from.
- Any debt specified through a tenant/ former tenant's sequestration/ bankruptcy / Trust Deed.
- Any former tenant debt identified through our debt collection agency as being untraceable or uncollectable
- Any former tenant arrear that is uneconomical to recover i.e., below £25.00

Targets/Monitoring/ Performance Reporting

The Association will annually review its Business Objectives and identify any specific actions required to maximise rental income. The Association's

Key Performance Indicator for arrears is Total Rent Arrears (current & former before write offs) as a % of Gross Rental Income

Performance against KPIs is reported to the Board on a 6 monthly basis.

The Association's performance for arrears is reported annually to the Scottish housing regulator through its Annual Return on the Charter.

The Association will monitor the impact of UC through recording the following:

- New arrears created through UC so taking the balance at point of UC claim and recording difference
- % of arrears created by UC
- % of UC tenants in arrears

The Association also monitors the level of new former tenant arrears and evictions against budget assumptions.

Accountability/ Audit /Risk Management

The Association will ensure any training required by staff is identified and that these needs are met to provide an efficient and effective service for the prevention and the recovery of arrears. In addition to training which can be delivered internally or through an external agency the Association will also participate in joint training on HB through our Service Level Agreement with Renfrewshire Council. DWP for UC

The Association will undertake both internal and external audit of the rent accounting and arrears recovery functions as required and will take account of any recommendations contained therein.

Responsibilities/ Staff & Board Roles

The Housing Manager is responsible for:

- Formulating and reviewing the policy & procedures
- Monitoring the effectiveness of the policy & procedures
- Reporting performance against Key Performance Indicators
- Identifying any risk presented by arrears to the Association and formulating an Action Plan to address any risk
- Authorising the write off of arrears
- Presenting an annual report to the Board for write offs
- The implementation of the procedure and monitoring performance
- Authorising court actions
- Approving the enforcement of decrees

The HM staff are responsible for:

- Applying the arrears policy & procedures
- Providing advice and information about payment methods & rent account information
- Providing assistance with making claims for Housing Benefit/ Universal Credit
- Referring to our Advice Service team & signposting/referring to other agencies which can assist tenants with support & issues of multiple debt

The Board is responsible for approving the Policy.

The Board has delegated authority to the Housing Manager for;

- Approving any enforcement based on a full evaluation of the case following decree being granted.
- Authorising write offs of both current & former tenant arrears

Data Protection and Equal Opportunities

When implementing the policies and procedures of Paisley Housing Association all staff and Board members must adhere to and be aware of the requirements of the Data Protection Act 2018, which includes the General Data Protection Regulation (EU) 2016/679 (the GDPR).

This Policy complies with PHA's Equal Opportunities Policy and takes account of the Equality Act (2010). PHA recognises its pro-active role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures.

The Association promotes equal opportunities and will not discriminate between persons on grounds of gender 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.

Complaints Procedure

The Association aims to ensure that the service provided to residents is of the highest quality. If this is not the case, a Complaints Policy and Procedure is in place to allow all residents or affected parties to state their grievance. The Scottish Public Services Ombudsman is the final stage of this process.

Review

This policy will be reviewed in full by the association every 3 years. Amendments to the policy will be made in the interim to respond to any changes in legislation and to reflect any changes in any of the Associations related strategies, policies and procedures.