



fairfield housing
co-operative

Income, Rent Arrears & Debt Management Policy

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Approved by: Management Committee

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Policy Owner: Management Committee

Policy Author: Paul Green

This policy applies to

Staff of Fairfield Housing Co-operative for their work in relation to such tenancy matters.

Policy Summary

This policy sets out the Co-operatives' position regarding managing income, rent arrears and debt.

It provides clear guidelines for staff on the way in which rent is due and the approach which the Co-operative will take to manage arrears and recover monies owed.

Rental income is the Co-operatives primary source of revenue and this policy is intended to assist with maximising that income to enable the ongoing work of the organisation.

Equalities

We are committed to providing fairness and equality of opportunity in order to prevent discrimination. Our decant policy will try to ensure that no person is discriminated against on the grounds outlined in the Equality Act 2010. This includes the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

Our processes will be as flexible as possible, and take into account the individual circumstances of our tenants and their households. We will ensure that the relevant arrangements are made for communicating with our tenants with particular needs. This may include those with sight, hearing or learning difficulties, or those who find it difficult speaking or understanding English.

Privacy

This Policy operates in line with GDPR legislation and the Co-operative's Privacy Policy.

Compliance

SHR Regulatory Standards;

Standard 1: The RSL manages its resources to ensure its financial wellbeing, while maintaining rents at a level that tenants can afford to pay.

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

Other Guidance;

Housing (Scotland) Act 2001

Housing (Scotland) Act 2010

Housing (Scotland) Act 2014

Related Policies

Evictions Policy

Repairs and Maintenance Policy

Bads Debt and Write Offs

1.0 PURPOSE

- 1.1 The purpose of the Income, Rent Arrears and Debt Management Policy is to ensure that all reasonable steps are taken by the Co-operative to collect rent due and minimise the level of arrears and other debts owed.
- 1.2 The Co-operative relies on its rental income to provide a number of services and improve and maintain our housing stock. Therefore the collection of rent and any arrears are essential for the business.

2.0 PRINCIPLES

- 2.1 The Co-operative will adopt the following principles in application of this policy:

Prevention: We want to prevent arrears arising in the first place. Rent debt puts a tenancy at risk, impacts on the organisation's financial health and consumes resources in managing debt.

Focus on tenancy sustainment: We want tenants to sustain their tenancies and to do this they have to pay their rent. We will support tenants to understand this core tenancy obligation and to access help to meet this.

Legal, clear about responsibilities, fair and responsive: Our processes will comply with our legal obligations as a landlord. We will be clear with tenants that there is a requirement to pay rent and that this is due in advance. We will be fair and responsive to individual circumstances and in debt case management while ensuring tenants understand that rent must be paid.

3.0 OBJECTIVES

3.1 The objectives of this policy are:

- To provide clear guidance for staff and tenants on the way in which we expect rent to be paid and arrears and debt to be collected.
- To promote timely implementation of procedures to prevent arrears wherever possible, and ensure minimum loss of income.
- To ensure all possible advice, assistance and sympathetic consideration is given to any special circumstances causing financial difficulties for tenants, and to ensure a system is in place to make referrals to external advice agencies where appropriate.
- To ensure tenants are assisted in the take up of benefits, provided with debt and budgeting advice, and encouraged to make repayment agreements which are realistic and affordable to the individual.
- To ensure the Committee of Management is adequately informed of the level of arrears in order to monitor performance and ensure effectiveness of its policy.

3.2 These are essential to ensure that we meet the Scottish Social Housing Charter standards and outcomes that describe the results that tenants and others who use their services can expect from social landlords. Those of most relevance to the Income, Rent Arrears and Debt Management Policy are:

Charter ref no 1: Equalities

Social landlords perform all aspects of their housing services so that:

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.

Charter ref no 3: Participation

Social landlords manage their businesses so that:

Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

Charter ref no 11: Tenancy sustainment

Social landlords make sure that:

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.

Charter ref no 13: Value for money

Social landlords manage all aspects of their businesses so that:

Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

4.0 APPROACH AND METHOD

4.0.1 The Co-operative recognises that letters are not always the best way of communicating with people; therefore we will employ a variety of methods to contact individuals and communicate updates, including:

- home visits
- phone
- text messaging
- email
- Social media

4.1 Rent Due

4.1.1 Rent is charged monthly and should be paid in full on or before 1st of each month, in advance of the charge being applied. Tenants who wish to pay weekly should multiply their monthly rent by 12 and divide this figure by 52 to give a weekly figure.

4.1.2 Regardless of the frequency, or source of payments, all tenants are expected to pay their rent in advance of each monthly charge, and this is to be promoted throughout the organisation, both for new tenants and existing tenants.

4.2 Payment Methods

4.2.1 The Co-operatives' preferred payment method is Direct Debit however, we will also offer the following rent payment methods:

- Bank Standing Order
- Credit or debit card in the Co-operative's office or over the phone
- Online payment through Allpay
- Pay point with their unique payment card

4.2.2 All payments received will be processed and allocated to the rent accounts daily to ensure that balances are accurate and up to date for arrears monitoring.

4.3 Definition of Arrears

4.3.1 The Co-operative recognises that there are two types of arrears:

- Technical Arrears – These are arrears arising as a result of delays in receiving housing benefit payments from the Local Authority, or directly from Universal Credit.
- Non-Technical Arrears – unpaid rent or service charge due by tenants.

4.4 Prevention

4.4.1 It is the Co-operative's view that tenants do not deliberately fall into rent arrears, but it appreciates that for those with limited income, rent is one of a number of outgoings an individual may be struggling to pay.

4.4.2 We will aim to take early intervention in order to prevent arrears accruing or increasing. A commitment to customer care and good communication will be employed to minimise the risk of arrears, and accordingly, the Co-operative will provide information on rent and arrears in the following ways:

- Pre-tenancy communications and visits
- Tenancy Agreement & sign-up appointment
- New-tenant settling-in visit, and any follow-up support visits
- Co-operative Information Leaflets
- Co-operative website
- Newsletter
- Social Media
- Letters
- Phonecalls
- Texts
- Emails
- Home/office visits

4.4.3 Specifically, the Co-operative will ensure that:

- Staff inform applicants of rent, service charges and payment of rent in advance, at the time of the lettings interview (home visit), if not before. It is made clear at that time that the first month's rent is due at the time of sign-up and arrangements for payment and any support required are established prior to sign-up. If a prospective tenant is claiming or intends to claim Universal Credit appropriate advice is given;
- Staff will assist with the completion of Housing Benefit or Change of Circumstances applications, and Council Tax Reduction forms on tenant's behalf where applicable, and ensure these are passed to Perth & Kinross Council with appropriate supporting information.

- Staff will visit new tenants within the first 4 weeks of the start of a new tenancy, and where required will discuss any difficulties an individual may have in making rent payments, and arrange for any further support visits.
- With tenant's consent, staff will make referrals to agencies for welfare or debt management advice.
- Staff will liaise with Perth & Kinross Council Housing Benefit Section to ensure that payments are prompt and accurate.
- Tenants will be notified and consulted at least 4 weeks in advance of any alterations to rent and service charges.
- Where a tenant falls into arrears, initial contact will be made promptly and by the most appropriate means for the individual.

4.5 Housing Benefit Overpayments

- 4.5.1 Overpayments of Housing Benefit will be refunded to Perth & Kinross Council once they have been investigated by Co-operative staff to determine the cause. If it is discovered that it is responsibility of the tenant we will request that recovery is made directly from the tenant to avoid arrears being accrued.

4.6 Current Tenant Arrears Recovery

- 4.6.1 Effective monitoring of rent accounts, and early implementation of procedures are the key to controlling rent arrears. To that end, rent accounts will be checked weekly, to ensure payments are made and agreements are kept. This will allow for prompt action to be taken as and when required. It also ensures that staff are familiar with individual cases and can prioritise accordingly.
- 4.6.2 We will endeavour make to make affordable and realistic arrangements with tenants and provide the relevant advice and assistance. Should these arrangements be broken then the appropriate action will be taken to ensure recovery.
- 4.6.3 The Co-operative recognises that when tenants find themselves in financial difficulties they may not respond easily to attempts to contact. Communications will therefore be varied and tailored to each individual in order to find the way which works best. This may mean carrying out home visits, phoning or texting several times per week. On occasion next of kin may be contacted if there are ongoing/welfare concerns, though no information will be disclosed as to the reason for the contact, it will be solely to encourage the tenant to get in touch.

- 4.6.4 Legal action will only be considered where all other avenues have been exhausted and all efforts to work with the tenant have proved unsuccessful. Tenants who have been issued with a Notice of Repossession, with tenant's declaration of authority, will be referred to debt advice prior to a court date being arranged.
- 4.6.5 Appropriate recording and filing procedures will be put in place to ensure easy access for all staff who may deal with enquiries, and to assist with audit trails.
- 4.6.6 Housing Management Procedure 'HM3' will be used to provide clear guidelines in dealing with rent arrears.

4.7 Universal Credit Alternative Payment Arrangements

- 4.7.1 As far as is reasonably possible, and taking account of individual circumstances, tenants will be encouraged to receive Universal Credit Housing cost payments themselves and set up arrangements to pay their rent. This helps to avoid lengthy delays in payment and fluctuating amounts being received.
- 4.7.2 Where a tenant is unable to manage money themselves, or they fall into arrears of 8weeks rent, and there is an expectation of Universal Credit being in payment, an Alternative Payment Arrangement will be requested to have rent paid directly to ourselves.
- 4.7.3 Payment of arrears can also be requested from a tenant's Universal Credit claim when arrears reach 8weeks of rent, and attempts will be made to discuss this with the tenant as far as possible to come to an arrangement which is most affordable.

4.8 Legal Action – Rent Arrears

- 4.8.1 The Co-operative will use a Solicitor firm which specialises in Housing Law to provide our legal services in terms of both advice and court actions.
- 4.8.2 The Co-operative also recognises the benefit of Housing Officers attending court in certain circumstances, where cases may be contentious.
- 4.8.3 Where a case has been passed to court, reasonable attempts will still be made to contact the tenant where they fail to engage. The instruction for any particular court hearing will take into consideration the level of arrears and communication with the tenant prior to court, including any arrangement which may be in place.
- 4.8.4 Tenants will be responsible for the payment of awarded court costs at the end of the action, on receipt of a Decree for payment of expenses. This will be dealt with as a 're-charge'.

4.8.5 The Co-operative has an Evictions Policy for dealing with cases which progress to this stage.

4.9 Trust Deed/Sequestration

4.9.1 Where an individual has their debt placed in a Protected Trust Deed this debt is not pursuable for the duration of that protection. When the protected period is over the creditors will be issued with an outcome which will either require the debt to be written off in full or an offer of payment will be issued and any remaining debt will be written off.

4.9.2 In the case of Sequestration (bankruptcy), any arrears accrued up to the date of declaration will be written off.

4.9.3 In either case, the terms of the tenancy agreement have been broken by failure to pay rent due. While the debt itself may not be pursuable, a judgment will be made on a case by case basis as to whether action should be taken to repossess the tenancy.

4.10 Recharges

4.10.1 Recharges include both, court expenses awarded through Decree at court, and repairs which the tenant is required to pay themselves.

4.10.2 The tenant will be notified in writing of any debts payable in this regard and records of these debts will be recorded in the linked account associated with the occupancy. Where the tenant has an arrangement in place to pay rent arrears they will be asked to continue with this arrangement until the rent account is paid in advance, as per the terms of the tenancy agreement, and any other debts are cleared.

4.10.3 Rent arrears will be prioritised over re-charge payments, but where there are no arrears outstanding an arrangement will be pursued for any other debt.

4.10.4 The Co-operative will outline the repairs that are rechargeable in its Repairs and Maintenance Policy.

4.11 Former Tenants

4.11.1 Where a tenant terminates their tenancy and are in rent arrears, they will be asked to clear the debt prior to the termination date. If they are unable to do so, the Co-operative will make all reasonable attempts to enter into an arrangement with the tenant that is affordable.

4.11.2 If a tenancy ends without communication from the tenant, or an arrangement is not made, the appropriate action will be taken to recover all outstanding monies, including use of a debt recovery agency where appropriate.

4.11.3 Records of all former tenant debts will be maintained. Where a tenant re-applies for housing, they will be required to meet the Common Housing Register rules regarding arrears before they will be considered for re-housing.

4.12 Debt Recovery Agency

4.12.1 The Co-operative will use a suitable debt recovery agency for the type and level of debts being pursued; this is detailed further in the Co-operative's Write Off Policy. All debt owed to the Co-operative will be included in any action raised.

4.13 Credit balances

4.13.1 We will check credit balances on a six monthly basis and issue a refund request form for any genuine credit (not technical, or advanced payment balances) , which will then be refunded directly to the tenant. A credit balance may be used to clear or pay towards any outstanding balances e.g. rechargeable repairs.

4.13.2 Credit balances will also be refunded throughout the year if they become apparent or by tenant request, using the same procedure.

4.14 Bad Debts

4.14.1 On a quarterly basis, Committee will be presented with a report of those debts to be written off. This may include irrecoverable debts including:

- those left by deceased tenants
- abandoned tenancies and/or failure to provide a forwarding address where debt recovery action is unlikely to be successful
- former tenant arrears too low to warrant legal action
- unsuccessful Debt Recovery cases

4.14.2 Committee approval is required in order to write-off bad debts; however, this will not prevent the Co-operative from continuing to pursue these debts, where appropriate.

4.15 Power and Delegated Authority

4.15.1 The following staff members / Committee members will have delegated authority to carry out specific actions within the policy:

Notice of Repossession	Housing Manager/Housing Officer
Court Proceedings	Housing Manager/Housing Officer

Eviction	Chief Executive or in his/her absence Committee Office Bearers
Appeal against Eviction	Delegated sub group of 3 Committee members
Bad Debt/Write Offs	As detailed in the Bad Debt, Write Off Policy

4.16 Training

- 4.16.1 The Co-operative will provide needs-based training for staff and Committee who are involved in the management and recovery of rent arrears and will use other guidance available online.
- 4.16.2 Staff will attend appropriate update meetings and seminars including DWP liaison meetings.

5.0 MONITORING AND PERFORMANCE MEASUREMENT REPORTING

- 5.1 Reports will be generated from the system each month for both current and former tenant rent arrears. These will be used to monitor ongoing arrears performance and produce reports for Committee and the figures for the Annual Return on the Charter (ARC).
- 5.2 Arrears Reports will be presented to the Management Committee at regular intervals determined by the Committee. All reporting will be confidential and names of individuals will not be divulged to Committee. In the event of an appeal against eviction a delegated sub-group of Committee members will be appointed to hear the appeal and this group will, with the agreement of the tenant, be given access to the tenants' personal information in order to hear the case.
- 5.3 The arrears figures reported to Committee be calculated in the same way as those reported for the ARC. Reported figures will include:
- Gross Arrears
 - Technical/Non-technical arrears breakdown
 - Current/former tenant breakdown
 - Sequestrations/Trust Deed figures
 - Rent collected as a % of rent due
 - Arrears as a % of rent due
 - Arrears Targets
 - Breakdown of number and value of arrears cases by severity
 - Number of cases subject to further action
- 5.4 The ARC report will be completed using the arrears figures as at 31st March annually.
- 5.5 The Co-operative will benchmark performance with peer group, Scottish Housing Regulator performance comparison, and the benchmark group e.g. Scotland's Housing Network that it is a member of.

6.0 COMPLAINTS AND APPEALS

- 6.1 We welcome complaints and other feedback and use this in order to improve our service to tenants. We use a complaint handling procedure that was developed for housing associations throughout Scotland. This complaint system was developed by the Scottish Public Services Ombudsman.
- 6.2 In line with housing law, we provide all tenants with detailed information about our complaint policy when they become tenants. We also advise all service users about their right to complain and how to complain.

7.0 POLICY AVAILABILITY

- 7.1 This policy is available on our website and on request free of charge from our offices. A summary of this policy can be made available in a number of other languages and other formats on request.

8.0 REVIEW

- 8.1 The Co-operative will review this policy at least every 3 years, considering:
- Applicable legislation, rules, regulations and guidance.
 - Changes in the organisation's and community's requirements.
 - Developments in best practice.