

MOLENDINAR PARK HOUSING ASSOCIATION

ARREARS RECOVERY POLICY

Date of Review: 17th September 2013
Date of Next Review: September 2018

1. INTRODUCTION

- 1.1 This policy document outlines Molendinar Park 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. The association will therefore take a sympathetic, yet firm, approach to tenants in arrears.

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
 - Emphasise prevention

Best Practice Guidance

- 1.5 This policy document has been based on examples of best practice, in particular:
 - Scottish Housing Regulator's performance Standard for rent arrears, Activity Standard 8
 - The Scottish Housing Charter Outcome and Standards, Outcome 11: Tenancy Sustainment
 - Scottish Federation of Housing Association Raising Standards in Housing Document, Rent Arrears: Prevention, Management and Recovery (February 2002)
 - CIH Good Practice Briefing, Managing Rent Arrears (June 2001)
 - The legislative framework affecting the Rent Arrears Policy namely:
 - Housing (Scotland) Act 1987
 - Housing (Scotland) Act 2001
 - Housing (Scotland) Act 2010
 - The Scottish Secure Tenancies (Proceeding for Possession) (Pre-action Requirements) Order 2012
 - Debtors (Scotland) Act 1987
 - Debt Arrangement and Attachment (Scotland) Act
 - Homelessness (Scotland) Act 2003

1.6 The policy contains information on the following topics:

- prevention
- rent arrears recovery
- housing benefit, welfare benefits advice and debt counselling
- former tenant arrears
- information
- equal opportunities
- targets, standards, monitoring and performance indicators
- staff and committee issues
- policy reviews

2. PREVENTION

2.1 Molendinar Park will place considerable importance on the prevention of arrears – particularly serious or substantial arrears. A key aspect of this prevention will be setting of rents that are affordable (within the constraints of the Business Plan) to all tenants – particularly those on a low earned income. The Association will also seek 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
- Likely running costs (if appropriate information is available)
- Date of next rent increase
- Rents arrears policy
- Other charges eg council tax payments (if available)

2.5 New tenants will not be required to pay more than one month in advance.

2.6 At “sign up” all new tenants, where required, will be given advice to contact the relevant agency to claim all benefits to which they are entitled.

- 2.7 All new tenants will receive a “settling in” visit within one month of moving into their new home. This visit will include a discussion of their rent charges and payments methods.
- 2.8 Tenants will be given the opportunity to pay weekly, fortnightly or monthly using a variety of payment methods through the Allpay system. This includes payment at the post office, any PayPoints, standing order or direct debit, telephone banking and internet payments.

All rental payments will be credited to a tenant’s rent account within one working day.

Rent collection and accounting

- 2.7 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.
- 2.8 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
 - All rent accounts will be monitored on at least a weekly 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 Molendinar Park Housing Association will take appropriate action to recover both current and former tenant arrears.
- 3.2 Considerable emphasis will be placed on developing personal contact by staff with tenants in arrears.
- 3.3 Wherever possible, Molendinar Park 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 Molendinar Park staff will respond promptly to missed payments – contact will be attempted within one week of a payment being missed in the case of those paying weekly or fortnightly, or within two weeks for those paying monthly.

- 3.5 Contact will generally be by visit, letter, or any other relevant form of communication. Records of arrears action will be maintained.

Arrangements

- 3.6 Molendinar staff will seek to agree realistic arrangements to pay off arrears with individual tenants.
- 3.7 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.
- 3.8 Where the tenant is on basic benefits, he/she will be asked to agree to arrears direct payments.
- 3.9 The arrangement will be confirmed in writing and the tenant will be asked to sign to acknowledge his/her agreement.
- 3.10 Staff will monitor payments to ensure that the arrangement is being adhered to. Where this is not the case, staff will take immediate, appropriate action.
- 3.11 Where appropriate, tenants will be encouraged to contact external organisations able to offer debt counselling. In such cases, Molendinar understands that all information provided by the tenant to the counseling service will be confidential.

Legal Action

- 3.12 Molendinar Park will be prepared to take legal action against tenants for the recovery of rent arrears only after all other measures have been exhausted.
- 3.13 There will be clear procedures relating to legal action.

The Management Committee will be advised of any potential court action before formal eviction proceedings are raised.

- 3.13 Where the Association has successfully obtained Decree from the court the Management Committee must authorise the decision to proceed with an eviction.

Transfers

- 3.15 Existing Association tenants will not usually be permitted to transfer to another Association house if they have rent arrears, however, discretion will be exercised in specific circumstances, for example, where moving would assist the tenant to reduce his/her arrears.

4. HOUSING BENEFIT, WELFARE BENEFITS ADVICE AND DEBT COUNSELLING

- 4.1 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.

Molendinar Park Housing Association will work with other agencies to improve benefit and budgeting advice to tenants. This will include working with the Housing Benefit Service Level Agreement.

The following steps will be taken in relation to benefit claims:

- All tenants will be actively encouraged to claim all the welfare benefits to which they are entitled – including housing benefit
- New tenants will be asked about their claim during the “settling-in” visit
Tenants in receipt of housing benefit will be encouraged to agree that their housing benefit should be paid direct by the local authority to the Association.
- The Association will seek to work with other organisations in the area who can provide welfare benefits advice and/or debt counselling
- Molendinar park will co-operate with other organisations in supporting benefit take-up campaigns
- Tenants in arrears with multiple debts will be encouraged to seek advice from specialist debt counselors

- 4.2 For additional information on this subject please refer to the Association’s Housing Benefit policy.

5. FORMER TENANT ARREARS

- 5.1 Molendinar will aim to recover arrears from former tenants. All efficient and economic means will be used.
- 5.2 The Association will ensure that all former and current tenants arrears are held in separate accounts.
- 5.3 The Association will not hold a current tenant responsible for the arrears of a former tenant.

6. INFORMATION

- 6.1 All tenants will be able to request up to date information on their current rent account.
- 6.2 All tenants who fall into arrears will be notified by Association staff.
- 6.3 All tenants will be given clear information on rent levels, other charges (where applicable) and payment methods (please refer to policy on rent collection).
- 6.4 All tenants will be given clear information on what they should do if they have arrears.
- 6.5 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

- 6.6 Effective arrears control will depend on good information systems for staff. Staff must be able both to identify new arrears cases as far as possible and to follow the progress of existing arrears cases continually.
- 6.7 The system should allow:
 - Accounts to be updated as soon as payments/adjustments are made
 - Staff to distinguish between payments made by tenants and housing benefit credits/debits
 - Housing staff to have continual access to rent account information (including former tenant accounts)
 - Staff to record the action taken to recover the arrears – including legal action
 - Staff to produce quarterly summary reports on arrears
 - Arrears information to be linked to other housing management information, for example, tenant/household/property characteristics
 - All arrears information to be held securely – with access controlled by a security code/system

7. CONFIDENTIALITY

- 7.1 Molendinar Park Housing Association will operate policies and procedures which seek to ensure that staff and committee members respect confidentiality in relation to arrears prevention/recovery.
- 7.2 To ensure confidentiality the following steps will be taken

- Only staff will have access to arrears files
- Only staff will discuss arrears with tenants
- All reports to the Management Committee will use codes to refer to cases. Staff will take all reasonable steps to ensure that individual tenants cannot be identified.

8. MONITORING AND PERFORMANCE INDICATORS

TARGETS

8.1 Targets will be set in relation to the arrears service as follows:

- The proportion of total rent that is accrued (please refer to Business Plan in Volume 2)
- The maximum time taken for a staff member to respond to a missed payment

MONITORING

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

- The number of evictions
- The number of tenants receiving housing benefit
- The total amount of rental income owed to the Association
- The total number of tenants in arrears
- The average arrear per tenant
- The average time in arrears per tenant
- The number of tenants owing more than 3 months rent
- The number of notices of possession issued in a month

8.3 The Association will comply with the relevant Scottish Housing Regulator Scottish Social Housing Charter.

9. STAFF AND COMMITTEE

9.1 Molendinar Park Housing Association will ensure that staff and committee responsibilities in relation to arrears are clearly defined.

COMMITTEE RESPONSIBILITY

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

- Renew and amend the Association policy as required
- Monitor on a quarterly basis the aggregate level of arrears
- Take any decisions concerning evictions related to arrears

STAFF RESPONSIBILITY

9.3 Senior Staff will provide a written arrears report to the Management Committee on a quarterly basis. This report will detail, as a minimum.

- The total value of rent owing
- Arrears as a percentage of annual rent collectable
- Arrears attributable to Housing Benefit delays (value, % and number of cases)
- Number of tenants in arrears
- Comparative figures for previous quarter and equivalent quarter in previous year
- Legal action – number of cases by type of action and arrears level

STAFF TRAINING

9.4 Molendinar Park Housing Association will ensure that all staff that is required to undertake arrears work will be adequately trained.

9.5 Clear procedures and guidelines will be developed to ensure that a consistent and equitable treatment of tenants in arrears.

9.6 This training will include the reasons why tenants fall into arrears, the problems associated with multiple debt and examples of cases where arrears are a symptom of wider problems (relationship breakdown, domestic violence, addictions) that may involve other agencies.

10. POLICY REVIEW

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

10.2 It will be reviewed in the light of legislative changes, new policy/procedures guidance, and the performance of the Association and the views of the tenants.

10.3 The targets relating to arrears recovery will be reviewed and amended as necessary on at least an annual basis.

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