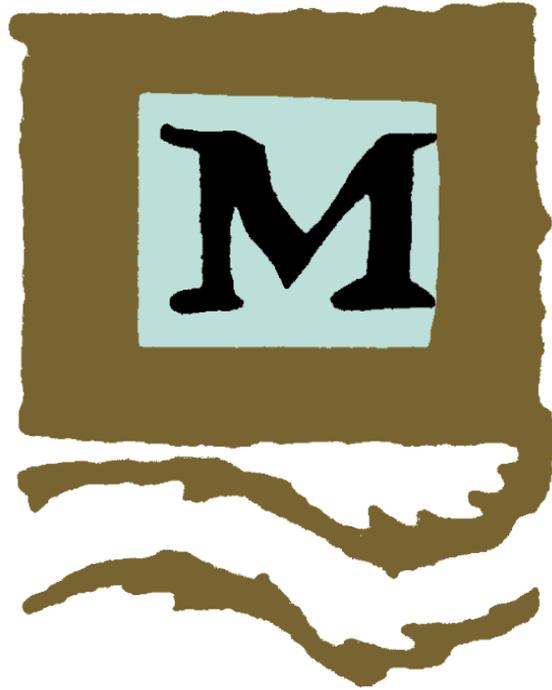


MOLENDINAR PARK HOUSING ASSOCIATION



ARREARS PREVENTION, MANAGEMENT AND RECOVERY POLICY

Adopted: 5 February 2019
Date of Review: February 2022

Molendinar Park Housing Association
3 Graham Square
Glasgow G31 1AD

*Registered in Scotland 2400 R (S)
Registered Scottish Charity SC043725
Registered Property Factor PF 000125*

POLICY

1. INTRODUCTION

- 1.1 This Policy sets out our approach to arrears prevention, control, management and recovery.
- 1.2 We recognise the importance of keeping arrears to a minimum – both for the Association and for tenants – and will take all reasonable action to ensure that arrears are prevented where possible and efficiently and effectively managed and recovered.
- 1.3 We also accept 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. We will, therefore, take a sympathetic, yet firm, approach to tenants in arrears.

2. GENERAL AIMS AND OBJECTIVES OF THE POLICY

- 2.1 Our aims and objectives are to:
 - Emphasise prevention
 - Aim to establish a payment culture
 - Minimise the loss of rental income to the Association
 - Be both fair and firm
 - Be prompt and effective in relation to arrears prevention, management and recovery
 - Operate an effective arrears control system

3. BEST PRACTICE GUIDANCE

- 3.1 This policy has been based on examples of best practice, in particular:
 - Scottish Federation of Housing Association Raising Standards in Housing Document, Rent Arrears: Prevention, Management and Recovery (February 2002)

4. SCOTTISH SOCIAL HOUSING CHARTER

- 4.1 The Scottish Social Housing Charter, April 2017 includes the following outcomes, with which this Policy aims to align:

Outcome 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’*

Outcomes 7, 8 and 9 – Housing Options

Social landlords ensure that: *‘people at risk of losing their homes get advice on preventing homelessness’*

Outcome 11 – Social landlords ensure 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.’*

5. LEGISLATION

The legislative framework affecting the Rent Arrears Prevention, Management and Recovery Policy includes:

- Housing (Scotland) Act 1987
- Housing (Scotland) Act 2001
- Housing (Scotland) Act 2010
- Housing (Scotland) Act 2014

- Debtors (Scotland) Act 1987
- Debt Arrangement and Attachment (Scotland) Act 2002
- Homeowner & Debtor Protection Act (Scotland) 2010
- Bankruptcy (Scotland) Act 2016
- Homelessness (Scotland) Act 2003
- Housing (Scotland) Act 2001 and 2010 Guidance for Social Landlords on Pre-Action Requirements and Seeking Repossession of Social Housing 2012
- Equality Act 2010
- Children (Scotland Act) 1995

6. PREVENTION

6.1 We place considerable importance on the prevention of arrears – particularly serious or substantial arrears. A key aspect of this prevention is setting of rents that are affordable (within the constraints of the Business Plan) to all tenants – particularly those on a low earned income. We will also seek to avoid, as far as is possible, the setting of rents which result in households being caught in the “poverty trap”.

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

Pre-tenancy counselling and information

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

6.4 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 any service charges due
- Payment methods
- Likely home running costs (if appropriate information is available)
- Date of next rent increase
- Arrears management policy
- Other charges eg council tax payments (if available)
- Information on advice and information organisations

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

6.6 At “sign up” all new tenants, where required, will be given advice to contact the relevant agency to claim all benefits to which they may be entitled, including Housing Benefit/Universal Credit. Tenants will also be sign-posted to other organisations, such as Citizens Advice.

6.7 All new tenants will receive a “settling in” visit within one month of moving into their new home. This visit will include a further discussion of their rent charges and payments methods.

6.8 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 Pay Points, standing order or direct debit, telephone banking and internet payments.

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

7. INFORMATION

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

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

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

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

7.5 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 may be available.

8. GENERAL AIMS AND OBJECTIVES OF THE POLICY

8.1 Effective arrears control depends 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.

8.2 The system allows:

- Accounts to be updated as soon as payments/adjustments are made
- Staff to distinguish between payments made by tenants and housing benefit /universal credit housing costs
- 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

9. UNIVERSAL CREDIT/HOUSING BENEFIT, WELFARE BENEFITS ADVICE AND DEBT COUNCELLING

9.1 Universal Credit/Housing Benefit has a crucial role to play in minimising arrears – if tenants are not receiving their full entitlement, they are more likely to fall into arrears. Serious arrears can also be caused by the overpayment and subsequent claw back of benefit when household circumstances change.

We will work with other agencies to improve benefit and budgeting advice to tenants.

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/universal credit
- New tenants will be asked about their claim during the “settling-in” visit. Tenants in receipt of universal credit/housing benefit will be encouraged to agree that their housing costs element be paid direct to the Association.
- We will seek to work with other organisations in the area who can provide welfare benefits advice and/or debt counselling
- We 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 and agencies.

10. RENT COLLECTION AND ACCOUNTING

10.1 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.

We will take the following approach:

- An effective rent accounting system will be maintained to ensure that balances are accurate and up to date
- 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.

11. RENT ARREARS RECOVERY

- 11.1 We will take appropriate action to recover both current and former tenant arrears.
- 11.2 Considerable emphasis is placed on developing personal contact by staff with tenants in arrears.
- 11.3 Wherever possible, our staff will seek to recover any rent arrears with the voluntary co-operation of the tenant concerned. We 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, generally 3 months or more and where arrears are less than this and persistent.
- 11.4 Our staff will respond promptly to missed payments – contact with the tenant 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.
- 11.5 Contact will generally be by visit, letter or any other relevant form of communication. Records of arrears actions and communication will be maintained.

12. ARRANGEMENTS

- 12.1 Our staff will seek to agree realistic arrangements to pay off arrears with individual tenants.
- 12.2 Arrangements will balance a tenant's ability to pay with the amount of the outstanding arrear. Where appropriate, staff will complete an income and expenditure assessment with the tenant to determine what level of payment can be afforded and maintained.
- 12.3 The arrangement will be confirmed in writing and the tenant will be asked to sign to acknowledge the agreement.
- 12.4 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.
- 12.5 Where appropriate, tenants will be encouraged to contact external organisations able to offer debt counselling and income maximisation. In such cases, we understand that all information provided by the tenant to the external organisation will be confidential.

13. LEGAL ACTION INCLUDING EVICTION

- 13.1 We are prepared to take legal action against tenants for the recovery of rent arrears and repossession of the property, only after all other measures have been exhausted.
- 13.2 There are clear procedures relating to legal action and Pre- Court Action requirements.
- 13.3 The Management Committee will be advised of any potential court action before formal eviction proceedings are raised.
- 13.4 Where legal action is proceeding for Recovery of Possession, the Association will inform the Social Work and Homelessness departments of the relevant Local Authority irrespective of the tenants' wishes, to ensure they receive the appropriate support.
- 13.5 Where the Association has successfully obtained Decree from the court the Management Committee must authorise the decision to proceed with an eviction.

14. TRANSFERS

- 14.1 Existing Association tenants will not usually be permitted to transfer to another Association property if they have rent arrears of more than one month's rental charge, and if there is no agreement to pay being maintained for 3 months or longer. However, with the agreement of the Director, discretion will be exercised in specific circumstances, for example, where moving would assist the tenant to reduce his/her arrears.

15. FORMER TENANT ARREARS

- 15.1 We aim to recover arrears from former tenants, where it is cost effective to do so and all efficient and economic means will be used.
- 15.2 We will ensure that all former and current tenants' arrears are held in separate accounts.
- 15.3 We will not hold a current tenant responsible for the arrears of a former tenant.
- 15.4 Once all reasonable, cost effective endeavours have been used to seek to recover former tenant arrears, or where it has been established that there

is no prospect of recovery twice yearly reports will be submitted to the Committee of Management seeking approval to write off the arrears.

16. CONFIDENTIALITY

16.1 Molendinar Park Housing Association operates policies and procedures which seek to ensure that staff and Committee members respect confidentiality in relation to arrears prevention/recovery.

16.2 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.

17. MONITORING AND PERFORMANCE INDICATORS

TARGETS

17.1 Targets will be set, as part of our annual budget setting preparation and approval, in relation to the arrears service as follows:

- The proportion of total rent owed
- The maximum time taken for a staff member to respond to a missed payment

MONITORING

17.2 The following information on arrears is collected and monitored:

- The number of evictions
- The number of tenants receiving housing benefit/universal credit housing costs
- The total amount of rental income owed to the Association
- The total number and percentage of tenants in arrears by bands including less than one month, more than two months, three months and over, showing the value of arrears in each band
- The average arrear per tenant
- The average time in arrears per tenant
- The number of notices of possession issued in a month
- The number of rental arrangements in place

18. STAFF AND COMMITTEE RESPONSIBILITIES

We will ensure that staff and Committee responsibilities in relation to arrears are clearly defined.

COMMITTEE RESPONSIBILITY

18.1 The Management Committee will have overall responsibility for our arrears policy. The Committee will:

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

STAFF RESPONSIBILITY

18.2 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 /Universal Credit housing element delays (value, % and number of cases)
- Number and percentage of tenants in arrears by bands, with value of 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

18.3 We will ensure that all staff required to undertake arrears work are adequately trained and that training is kept up to date.

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

18.5 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 (eg relationship breakdown, domestic violence, addictions) that may involve other agencies.

19. POLICY REVIEW

- 19.1 The arrears policy will be reviewed and amended as necessary. It will be reviewed at least every three years unless legislation or performance requires earlier review.
- 19.2 The targets relating to arrears recovery will be reviewed and amended as necessary on at least an annual basis.
- 19.3 The Association will consult with tenants on the policy and performance reviews.