



Policy Reference and title	HM/POL 3: Rent Arrears Policy
Policy Date	February 2008
Date to Housing Management/Maintenance Sub-Committee (HMMSC)	18 March 2008
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Date of next review	March 2011

1. Aims and Objectives

The aims and objectives of the arrears policy will be:

- To maximise rent collected
- To minimise rent arrears
- To allow tenants to maintain their tenancy and prevent homelessness wherever possible, and assist them in this by providing direct or indirect support
- To be fair in the operation of the policy
- To be non-discriminatory on the grounds of sex, marital status, race, disability, age, sexual orientation, language or social origin or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions unless the law permits this.
- To continually improve our service to tenants
- To meet all statutory requirements, Communities Scotland Guidance and other good practice guides that may be published.

2. Equal Opportunities

- All tenants with rent arrears will be dealt with sensitively and fairly.
- Rent arrears will not be a barrier to rehousing someone requiring housing due to harassment under our equal opportunities grounds.
- Rent arrears will not be a barrier to rehousing someone who is the victim of domestic abuse.
- Rent arrears will not be a barrier to rehousing a statutory homeless referral from the Council.
- We will in all cases give information and advice that should help tenants to keep their tenancy. Eviction will always be seen as a last resort.
- Information will be provided in a different format to tenants who need this service.

3. Maximisation of Rent Collected

Being able to maximise the rent we collect is important for minimising the risk of bad debts to the Association.

We will encourage a payment culture at all times and will emphasise this at the start of a tenancy.

3.1 Tenancy sign up

Rent obligations will be made clear at the sign up date. The monthly rent and the full amount due for the period should be made clear to the tenant and it should be made clear that rent is due one month in advance. The tenant should also be aware that they should contact their Housing Assistant at the early stages of non payment if this should arise. Tenants should be aware that the first rent payment should reach us within one week of the entry date.

A Housing Benefit form should be filled in with the tenant where it looks like the tenant will qualify for housing benefit. It should be made clear that HB will only be payable from the date a tenant moves in to the property. The tenant should be advised that they need to provide proof of income for everyone at the address at an early date.

In cases where it is clear that a tenant will not qualify for full housing benefit but may qualify for part benefit, we will contact the Council and ask them to provisionally assess the tenants claim the phone. The tenant will be advised in writing of the provisional amount payable until their claim has been fully assessed. The first payment will be due within one week of the date of entry.

Tenants who chose not to make use of this service will be responsible for their full rent payment until their Housing Benefit claim is assessed.

If the new tenant is currently a tenant of another property they should sign a request for overlap of housing benefit to be paid from their date of entry. A maximum of 4 weeks overlap will be allowed by the Council and this is discretionary.

The tenant should be made aware that if they fail to pay rent as agreed they are putting their tenancy at risk as we will take legal action if necessary.

The tenancy sign up should always include details of all rent payment methods offered by us.

The responsibilities of joint tenants in relation to rent obligations should be explained to all joint tenants.

A letter should be sent to the tenant within 48 hours of signing for the property to confirm the rent due and the tenant's obligation to hand in a HB form with proper proof of the household income if appropriate.

4. Minimising Rent Arrears

Being able to minimise rent arrears is important for reducing the risk of bad debts to the Association. It is also important to manage rent arrears pro-actively and prevention has an important role to play.

We will make a provision for bad debts within the annual budget.

4.1 Prevention

4.1.1 Affordable Rents

We will carry out an income survey at least every four years and take account of results in relation to affordability. In the interim years we will take account of SCORE information in relation to affordability. We will not provide extra services without consultation as services are included in the rent assessment in relation to affordability.

4.1.2 Rent Payment Methods

We have a variety of payment methods such as cheque payment at the office or by post, swipe cards which can be used at any post office or Paypoint or Payzone outlet. Tenants can also pay by Direct Debit or by using their switch card at allpay.net. We have also introduced payments online via the Allpay.net web site. Tenants on Housing Benefit should be encouraged to sign a mandate to have it paid directly to us. These tenants will be permitted to pay in arrears as per the Council's payment cycle. Tenant's who do not

wish to have their HB paid direct to the Association will be due rent one month in advance.

4.1.3 Target Timescales for Rent Posting

We aim to ensure that rents paid through allpay.net are posted to the tenant's rent account within 48 hours of payment. Payments made at the end of the month prior to the debit, or during holiday periods may take a few extra days. Tenants who pay by cheque will have their payment posted to their account within 5 working days.

In the case of Housing Benefit, we aim to post this within 5 working days of both the housing benefit print and cheque having arrived in the office.

Automated housing benefit transactions will be explored with the Council to ease faster postings to the rent account.

4.1.4 New Tenant Visit

All new tenants will be visited between 4 – 8 weeks after their date of entry and any difficulties relating to their rent account will be discussed at this time although letters will have been sent out prior to this in cases where there are rent arrears. Where rent arrears are a factor up to 3 visits will take place at different times if required to get access.

4.1.5 Housing Benefit

Tenants in receipt of Housing Benefit should be notified within 24 hours of us receiving notification that their Housing Benefit has been cancelled. During review periods (now called interventions), tenants who have not returned their review form or have returned insufficient information should be lettered to do so. Where the letters have no effect, the tenant should be visited to explain the consequences of not dealing with Housing Benefit forms. The visit will also be used to establish any support needs a tenant might have.

4.1.6 Liaison Arrangements

Staff members will liaise with all relevant agencies, particularly Housing Benefit. Tenants who have agreed to have their Housing Benefit paid direct to the Association should sign a mandate permitting the release of information in relation to their housing benefit claim.

Association staff at managerial and operational level should have regular meetings with the Housing Benefit staff to discuss strategic and operational issues and, if relevant, individual claims.

The Association will liaise with welfare benefits agencies and will develop arrangements for its tenants to access these agencies.

The Association will liaise with debt counselling agencies and will develop arrangements for its tenants to be referred to them.

4.1.7 Information to Tenants

Tenants will be provided upon request with accurate and up-to-date information about their rent account.

The Association will send annual rent statements to tenants not on Housing Benefit.

4.2 Control and Recovery

4.2.1 Response to arrears and contact with tenants

The Association will respond within 2 weeks to a missed payment.

The Association will monitor all rent accounts fortnightly and send letters to tenants in arrears detailing the level of arrears, urging contact, providing telephone numbers of money advice centres, providing telephone number of the Council re Housing Benefit applications, stating homelessness can be avoided.

The Association will attempt to interview all tenants who have a total of two months rent arrears. Up to three visits at different times will take place to a tenant who has had a legal notice served on them. Interviews will ascertain income, outgoings, need of support, need for money advice, cycle of wages, payment arrangement. Tenants should be clear that if they continue non payment or partial payment they are at risk of losing their home.

All support issues will be dealt with sensitively and in confidence. Where possible staff will provide direct support at interview, e.g. balancing income and outgoings, assist in completing a Housing Benefit application etc. Where direct support is not possible authorisation will be sought to refer the tenant to the appropriate agency, e.g. Addiction or debt counselling.

All arrangements will be confirmed in writing stating the amount of arrears, the agreed repayment and the consequences of missing payments. The letter should also confirm addresses of debt counselling agencies.

A Notice of Proceedings will normally be served on a tenant where arrears of 2 months or more are due or where an arrangement has been broken.

4.2.2 Payment Arrangements

Realistic repayment arrangements should be made taking into account all factors of the tenant's circumstances which could affect the tenant's ability to repay the debt within a given time. Too high an arrangement is likely to lead to arrears continuing or worsening, too low an arrangement gives the tenant the wrong impression that arrears are acceptable to the Association.

If a tenant is on Income Support, the tenant should be encouraged to sign a Direct Payment mandate which allows weekly deductions from their benefit.

Where a tenant refuses to sign this, an arrangement should be put in place and the tenant advised that if the arrangement is broken, we will apply directly to the DWP for direct payments to be forwarded to us.

Payment arrangements should generally tie in with the tenant's wage or salary cycle until their account is clear. At this stage the tenant should be given the option of paying monthly in advance or fitting in with their wage cycle, as long as they are a minimum of one month in advance.

4.2.3 Recording

Accurate records should be kept on computer of letters sent, house visits, arrangements made and HB eligibility to allow staff to monitor each rent account. Records of all house visits and outcomes will also be recorded.

4.2.4 Joint Tenants

Joint tenants should be made aware that they have joint responsibility for rent arrears repayment. They should also be clear that the Association will recover from either tenant if one is not complying with payment.

4.2.5 Liaison Arrangements

Association staff should not only liaise with the Council about Housing Benefit but should also be aware of the local agencies who deal with debt management and welfare benefits advice. Staff should be aware of how to refer a tenant to these agencies. Staff should be aware of any delays in the appointment systems of these agencies at the time of referral so that they can advise the tenant.

4.2.6 Benefits

4.2.6.1 Housing Benefit Overpayments

We will agree with the Council and where possible individual tenants the method of paying back overpayments.

4.2.6.2 Maximising take up of benefits

The Association will develop links with other organisations to promote the availability of benefits to tenants. The Association will use its newsletters as a forum for providing information.

4.2.6.3 Broken Arrangements / Frequent Non Payment

In cases where the Association has served a Notice of Proceedings on the tenant and the tenant still does not pay or breaks the arrangement, the Association should ask the tenant for voluntary wage deductions. Not all employers will agree to this due to the extra administration involved. The

tenant should be aware that this is instead of court action. The amount should include the full rent and an agreed amount towards the arrear. This should fit in with the tenant's wages cycle. The first payment should be capable of being received at this office within 4 weeks of approaching the employer. The employer should be approached within 48 hours of completing the arrears agreement interview.

5. Legal Action

Legal action should always be seen as a last resort. We will at all times attempt to ensure that a tenant can maintain their tenancy and not be made homeless. Other forms of action such as lowering payment arrangements, Direct Payments from benefits and wage arrestment should be pursued before a decision to seek decree for possession is made.

There may be occasions when all attempts to get a tenant to pay fail. In these instances we will seek and enforce a decree for eviction.

Committee will make decisions on whether to seek decree and on whether to suspend legal action.

Payments made by tenants against whom decree has been granted (known as violent profits) shall not be recognised as rent payments, and will be kept separate from the rent account so as to avoid invalidating the decree. If a decision is made by committee not to use a decree that has been granted, then a condition of the tenant remaining in their home is that they sign a new Scottish Secure Tenancy agreement. This should happen quickly, again to avoid bringing the validity of the decree into question. In effect this brings the original tenancy to an end, and any associated arrears will be pursued as former tenant arrears.

6. Delegated responsibility

Staff will deal with rent arrears cases on a day to day basis. Staff will have responsibility for ensuring that appropriate action is taken up to recommending decree for eviction is sought. Committee will make decisions on when decree should be pursued and enforced.

7. Notification to others

West Dunbartonshire Council Homeless Section will be notified where we are pursuing a decree for eviction. In some cases it may be appropriate to refer the tenant to WDC at the stage where a legal notice is served, however most tenants will be referred at the stage where we ask for the tenant to be booked into court.

Where court action is instigated against a household with any children (under 16 years old) the Council's Social Services Department will be notified of the action and its potential consequences.

As these actions may prevent homelessness no authorisation mandates are required from tenants.

8. Performance Indicators

We will put in place systems to measure:

- the level of technical and non technical arrears
- rent arrears as a percentage of rent receivable
- trends in arrears
- the number of legal notices served
- action taken on tenants with 3 months arrears or more
- the number of court cases suspended
- the number of tenants evicted

9. Performance Monitoring

We will put in place systems to monitor whether we are meeting our targets and consider appropriate action if we are not.

10. Continuous improvement

We are committed to continuously improving our performance in relation to rent arrears.

We will benchmark against other organisation's performance.

We will provide staff with training that allows them to carry out their functions.

We will develop a customer focused service by working in partnership with other organisations which can benefit our tenants, for example debt counselling services, WDC Housing Benefit Section, WDC Support Team.

11. Confidentiality

Reports to Committee will be presented so that tenants confidentiality is protected at all times.

12. Former Tenant Arrears

12.1 Prevention

The main way to prevent former tenant arrears from arising is to have effective policies and procedures in relation to current tenant's rent arrears.

12.2 Recovery

We will attempt to recover former tenant arrears by some or all of the following:

- Writing to the tenant prior to the tenancy end giving the amount due
- Writing to the tenant or executors after the tenancy has ended – within 4 weeks
- Following up with another letter if the first has no effect – within 4 weeks
- Possibly writing to Sheriff Officers re issue of legal letter if no response – within 4 weeks
- Possibly initiate a small claim action if likely to succeed, and if no response to legal letter – within 4 weeks
- Tracing the tenant – within 4 weeks of leaving property. Sheriff Officers will also attempt to get address of employer.
- Wage arrestment possibility – within 4 weeks of legal letter if no response (a decree is required to facilitate this)

12.3. Monitoring

We will monitor the effectiveness of former tenant debt recovery methods. Committee will receive monthly reports on the level of former tenant arrears outstanding, the likelihood of recovery in each case, and action taken in each case.

12.4. Writing off Debts

Former tenant arrears which are deemed to be irrecoverable will be written off at the end of each financial year. If a former tenant did make an arrangement to repay after they have been written off, this could be recovered as “bad debt recovered”.

13. Complaints Procedure

Any applicant who has a complaint about the way they have been dealt with can ask for a copy of the Association’s Complaints Policy (GENPROC3) which will explain the steps they should take.

14. Policy Review

The arrears policy will be reviewed 3 yearly or sooner if legislation or guidance changes in respect of this policy.

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