



Rent Collection and Arrears (Ref: HM/01)

Purpose of Policy: The purpose of this Policy is to outline how the Association deals with collection of rent and how it responds to non-payment of rent and other charges.

Policy Monitoring Details	
Department:	Housing Management
Author:	Alasdair Fraser
Status:	Association
Date Approved by Management Committee:	
Updated:	November 2016
Planned Review Date:	November 2021
Regulatory Outcomes being achieved:	Scottish Social Housing Charter 1 Equalities 9 Housing Options 11 Tenancy Sustainment 13 Value for Money
Tenant Consultation Required:	Yes
Equalities Impact Assessment	Initial

Contents

- 1 Introduction
- 2 Equalities Statement
- 3 Aims and Objectives
- 4 Policy

1 Introduction

1.1 Manor Estates recognises the importance of maintaining appropriate procedures to ensure income maximisation, manage collection of rent and to deal effectively and promptly with non-payment of rent.

1.2 This Policy is also crucial to achievement of the Association's Corporate Aim and associated objectives.

Corporate Aim

- To provide good quality, affordable and sustainable housing and offer services to meet a wide range of housing needs.

Corporate Objectives

- To provide a high quality management and maintenance service which takes account of our customers' views and needs.
- Invest our resources effectively to maintain good quality homes and local environments.
- Improve energy efficiency to reduce the level of fuel poverty amongst our tenants.
- Develop new housing and services to meet the needs of current and future tenants.
- Ensure effective governance and financial management to secure the long term future of the organisation.

1.3 This Policy complies with the provisions of the Housing (Scotland) Act 2010 and other relevant legislation, regulation and guidance.

2 Equalities Statement

2.1 The Association is committed to equal opportunities.

2.2 A summary of this Policy can be made available in other languages or formats on request.

2.3 An Equalities Impact Assessment has been carried out in respect of this Policy and outlines measures in place to address any potential equality issues.

3 Aims and Objectives of the Policy

3.1 The overall aims of the Policy are to:

- Maximise collection of rent;
- Minimise the loss of rental income through prompt, sensitive and effective recovery of rent arrears;
- Support tenants to maximise their income; and
- Act promptly, in a firm and fair manner, as soon as any form of debt accrues.

3.2 The key objectives are:

Income Maximisation and Arrears Prevention

- To ensure all tenants are fully aware of their responsibility to ensure rent is paid, and the implications of failure to do this;
- To offer a range of payment methods available to all tenants and to ensure these are widely published;
- To prevent arrears arising in new tenancies by offering advice, information and support to prospective and new tenants; and
- To offer tenants information and advice on dealing with debts or supporting through referrals to external agencies for income maximisation.

Management of Arrears

- To establish early personal contact with tenants where arrears do arise as early as possible;
- To ensure that all tenants have access to appropriate welfare benefits and debt counselling advice; and
- To establish and maintain good relationships with tenants to help them address problems that may impact on their ability to maintain regular rent payments.

Enforcement Action

- To enforce action for the recovery of the rent arrears where appropriate; and
- To take legal action against tenants only when all other options have been exhausted.
- To economically pursue former tenant debts

4 Policy

Rent Payments

- 4.1 Rent is payable monthly in advance on or before the 1st of every calendar month. Consideration is given to tenants who wish to pay weekly but again payments must be made in advance.
- 4.2 The Association offers a wide range of payment methods to tenants. These are publicised widely. Our preferred method of payment is by Direct Debit however the Association also offers advice on other methods that are most appropriate for individual circumstances.
- 4.3 The Association aims to credit rent payments to tenants' accounts within 1 working day of the payment being received.

Income Maximisation and Arrears Prevention

Pre- Tenancy

- 4.4 The Association will conduct detailed interviews with applicants for housing, prior to a tenancy offer being made. These interviews will be completed by the Housing Officer and will include information and advice on paying your rent and the consequences of non-payment.

4.5 Where the Housing Officer has concerns about a tenant's ability to manage the rent payments or general finances further support will be offered through direct support or signposting to external agencies. Further details on the process are noted in the Allocation Policy.

4.6 If there are concerns about a tenants ability to pay their rent an income assessment will be carried out.

Sign-Up

4.7 Information about paying rent or the consequences of non-payment of rent will be reiterated at signup.

4.8 Where the tenancy has been flagged as a potential concern, the Housing Officer will conduct the sign-up process, otherwise this will be done by a Housing Assistant.

4.9 All prospective tenants will, therefore, be required to make a payment at sign-up, the amount requested and frequency will be determined by individual circumstances. Where the prospective tenant does not make payment at signup, the offer of tenancy will be withdrawn.

4.10 The prospective tenants will be expected to confirm how they intend to pay their rent with support provided to set up direct debit or ensure an appropriate payment method is agreed.

Post Allocation Visit

4.11 The Housing Officer will carry out a post-allocation visit to all new tenants within the following timescales:

- For tenants who have been flagged as a concern – within 1 to 3 weeks of tenancy start;
- For all other tenants – no later than 6 weeks of tenancy start.

Where problems are identified through the post-allocation visit, a further visit will be arranged within 4 weeks.

Arrears Management

STAGE 1 – AS1 - EARLY INTERVENTION

4.12 The Association recognises that early intervention is key to the prevention of serious rent arrears.

4.13 At all stages of the arrears process we will communicate regularly with tenants advising them of debt levels and methods of payments. We will also regularly include information on advice agencies who can offer independent advice to tenants.

First-Time Arrears Cases

- 4.14 We aim to contact any tenant whose account has gone in to arrears for the first time no later than 7 working days of the arrears balance showing the account.
- 4.15 We will use a range of communication methods to contact tenants, these to be tailored to specific needs where appropriate, and including text message, email, telephone call, ad hoc or pre-arranged visit, and letters.
- 4.16 At this stage -and in all instances, tenants will be requested to clear the outstanding balance in full, however repayment arrangements may be negotiated if Association staff are satisfied they are unable to do so. Repayment arrangements will be specific, with an agreed start and end date and in accordance with guidelines regarding acceptable timescales.
- 4.17 The Association will make use of text messaging and email reminders using the Deeplake system in respect of notifying tenants of arrears and repayment arrangements.

Stage 2 – AS2 - Escalation of Action

- 4.18 Where a tenant has failed to respond to preventative action or early intervention, the Association will take a firm and fair approach to recovery of arrears.
- 4.19 The Housing Officer's knowledge of individual cases will be crucial in determining the most appropriate course of action. The focus will remain on personal contact as being the most effective method of engaging with tenants, however staff will use a wide range of communication methods to contact tenants.
- 4.20 Staff will regularly review how they contact tenants and will make periodic use of non-standard approaches including contacting tenants' out-with normal working hours.
- 4.21 Where appropriate, contact with tenants will be in a format or language suitable for their individual requirements.

STAGE 3 – AS3 - PRE NOTICE OF PROCEEDINGS

- 4.22 Applies to cases between completion of Stage 2 and consideration of service of Notice of Proceedings (NOP). It includes first-time arrears cases and those where the tenant has been in arrears previously. The level of arrears should be below an amount equivalent to 2 months' rent or £600.
- 4.23 The conditions imposed by the Pre-Action Requirements must be met as part of the processes for Stage 3 escalation.
- 4.24 Throughout Stage 3, Association staff will continue to try and engage with tenants. Where all the Pre-Action requirements have been and the tenant is not making payments

to the account sufficient to reduce the level of arrears at an acceptable rate, the Association will serve an NOP.

STAGE 4 – NS4 - NOTICE OF PROCEEDINGS

4.25 Stage 4 applies to those cases where an NOP has been served.

4.26 Following service of the NOP, the Housing Officer will contact the tenant if there is no response within 2 weeks of the date of service.

STAGE 5 – NS5 - PRE-COURT ACTION

4.27 Stage 5 applies to those case where:

- There is a live NOP in place; and
- The tenant has failed to reach and maintain a repayment arrangement.

4.28 Senior staff will be formally involved in cases at this stage of the process. Where court action is being considered, tenants will be asked to attend an interview with the Senior Housing Officer or Housing Manager.

STAGE 6 – NS6 - COURT REFERRAL

4.29 The Association is committed to the prevention of homelessness and will only refer cases to Court where all other options to resolve the case have failed. Cases will be considered individually and will only be referred to court with the prior authorisation of the Senior Housing Officer or Housing Manager.

4.30 All cases referred to Court will be reported to Committee and approval sought to proceed with eviction of the tenant continues to fail to engage and decree is awarded.

4.31 Where the tenant clears the full arrears prior to the calling date we will request repayment decree and expenses only.

4.32 If the arrears are not cleared and no arrangement has been agreed and/or maintained prior to the calling date, we will request decree for eviction with recovery of the property, arrears and expenses.

STAGE 7 – NS7 - DECREE AND EVICTION

4.33 The Association will only seek to obtain decree where the circumstances of the case indicate that there is no alternative to eviction and the intention will be to enforce the action.

4.34 The award of decree does not result in immediate termination of tenancy, however it is expected if the decree is to be enforced, this will be within a reasonable period and certainly within 6 months.

4.35 Individual circumstances are taken into account, however, in general, the Association will seek to enforce the decree unless:

- The tenant pays the full amount of the outstanding arrears and legal expenses within 4 weeks of the date the decree was awarded; OR
- The tenant makes arrangements to pay the full amount of the outstanding arrears and legal expenses within 8 weeks of the date the decree was awarded.

4.36 Other exceptional circumstances may be taken into account, however non-enforcement of the decree for reasons other than full payment of the outstanding debt would require the authorisation of the Housing Manager.

Former Tenant Arrears

4.37 The Association will pursue all cases of former tenant arrears and other debts that remain outstanding at the end of the tenancy, unless the tenant is deceased and has no estate from which the debt can be recovered.

4.38 Where the former tenant fails to respond to contact regarding outstanding debts or where no forwarding address is available, cases will be referred to a debt recovery agency.

Write-off of Irrecoverable Debts

4.39 The Association will write off those debts that are deemed to be irrecoverable. In the main, this will relate to former tenant debt and sequestrated arrears only and write off will only be considered when all available options for recovery have been exhausted or are not permitted.

4.40 Write-off will take place in accordance with paragraphs 18.3 and 18.4 of the Association's Financial Regulations (See Appendix 1).

4.41 The Association will also write off former tenant credit balances where it has not been possible to establish the whereabouts of the tenant.

Performance Monitoring and Reporting

4.42 Each Housing Officer is responsible for monitoring arrears and credit balances within their area and for taking action in accordance with this Policy and accompanying Procedure Note.

4.43 The Senior Housing Officer is responsible for monitoring the Housing Officers' performance and submitting monthly reports to the Housing Manager.

- 4.44 The Housing Manager will report summary performance to all Association staff on a monthly basis.
- 4.45 The Housing Manager is responsible for reporting to the Association's Management Committee and for ensuring compliance with prescribed targets and [performance measures..
- 4.46 Information regarding the Association's performance on rent collection will be provided to tenant through the Annual Report.

5 Publicising this Policy:

- 5.1 The policy will be available on the Association's website and hard copies will be provided on request.
- 5.2 On request, the policy can be made available in alternative formats or languages.
- 5.3 The policy will be promoted through the Association's newsletter and other publications.

EXTRACT FROM MANOR ESTATES HOUSING ASSOCIATION'S FINANCIAL REGULATIONS

Write off of Irrecoverable Income

The Senior Housing Officer has the authority to write off individual amounts of irrecoverable income of less than £50.00, where it is believed that further pursuit would not represent value for money for the Association.

The Housing Manager has the authority to write off individual amounts of irrecoverable income of between than £50.01 and £100.00, where it is believed that further pursuit would not represent value for money for the Association.

Debts owing of over £100.00 where recovery not financially viable or unsuccessful require committee approval.

The Senior Housing Officer (SHO) examines all former tenant cases every January and July in order to provide the Housing Manager (HM) with a write off report. These reports are considered by the Management Committee in February and September each year and if approved, any write offs are processed by the Corporate Services section.

All debts written off will be reported annually to the Management Committee.