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# Rent Arrears Policy

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## **Vision**

***By providing aspirational homes and high-quality services we will transform communities to enhance the quality of life of our customers.***

## **Values**

- ***Customer and Community Focused***
- ***Treating our customers with respect***
- ***Accountable***
- ***Making a difference***
- ***Innovative***
- ***Equal access to services and opportunities for all***

## **Strategic Objectives**

- ***Deliver first class customer services***
- ***Provide quality homes, communities and sustainable tenancies***
- ***Achieve robust financial management and governance excellence***
- ***Empower, develop and engage our staff***
- ***Build strong collaborative relationships locally and nationally***

# **Rent Arrears Policy**

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## **SECTION 1**

### **Introduction & Background**

- 1.1 Ardenglen Housing Association is a Registered Social Landlord (RSL). We operate in the South of Glasgow and are committed to providing high quality, affordable homes.
- 1.2 The remit of this policy is to explain how the association will maximise its rental income by keeping rent arrears to a minimum. In achieving the general aim, the association will have regard to the particular needs and circumstances of its tenants, and the reasons for which they get into arrears. Our approach will aim to balance the prevention of homelessness and sustainment of tenancies together with maximising rental income to the association. We recognise that most tenants get into arrears because of an inability, not unwillingness to pay.
- 1.3 The association receives the majority of its rental income through housing benefit/universal credit payments. Research has shown that many people do not claim the full benefit to which they are entitled. This is a matter of general concern for the association when so many of its tenants depend on the benefit system for their income and ability to pay rent.
- 1.4 Since December 2018 Castlemilk has been a full service area for Universal Credit (UC). Between 2018 & 2028 tenants will migrate from legacy benefits including job seekers allowance, income support, employment support allowance, tax credits and housing benefit to UC. Most UC tenants will receive one monthly payment which they require to pay their housing costs from. This is a cultural change for most tenants used to the previous benefit system where housing costs were mainly paid direct to the landlord and therefore this poses a risk to the Association.
- 1.5 Many tenants move in and out of the margins of benefit entitlement and our experience has shown us that rent arrears often develop when the entitlement to benefit stops or when those in employment stop working. These factors linking benefit entitlement to rent arrears influence the Associations general approach to recovery of arrears. Therefore, the emphasis of this policy will be a preventative approach to rent arrears.

## **SECTION 2**

### **Legislative Framework and Regulatory Requirements**

In formulating and implementing this policy, statutory requirements and good practice have been incorporated where required. Relevant legislation and regulatory guidance include:-

### **Legislation**

- 2.1 **The Scottish Secure Tenancy Agreement** used by the Association describes the obligation that tenant's have to pay rent monthly in advance.
- 2.2 **The Housing (Scotland) Act 2001** sets out the legal framework for any action by the Association to recover tenancies on the grounds of rent arrears.
- 2.3 **The Homelessness etc (Scotland) Act 2003** requires the Association to notify Glasgow City Council if proceedings are raised to recover a property. (Section 11 Notice issued by the Association's solicitor).
- 2.4 **The Housing (Scotland) Act 2010** introduced Pre-Action Requirements that landlords must satisfy in all rent arrears cases before serving a notice on a tenant and **the Scottish Social Housing Charter** which sets the standards and outcomes that all Scottish social landlords should aim to achieve when performing their housing activities.
- 2.5 **Housing (Scotland) Act 2014** - Part 2, Section 6 allows social landlords to set a minimum period before any applicant (except applicants being assessed as homeless by the local authority) is eligible for the allocation of housing for various circumstances, including rent arrears, unless the applicant is taking meaningful steps to repay the debt.
- 2.6 **The Data Protection Act 2018** which was brought in as a result of the General Data Protection Regulations which came into force on the 25th May 2018 and sets the standards for gathering and sharing information.
- 2.7 **The Equality Act 2010** introduced nine protected characteristics and requires the Association to ensure that policies and procedures to provide fair and equal treatment for all.
- 2.8 **The Welfare Reform Act 2012** which changed the rules concerning a number of benefits offered within the social security system including changes to Housing Benefit and introduction of Universal Credit.
- 2.9 **Bankruptcy (Scotland) Act 2016** which details how a person (tenant) can deal with their debt and apply to be sequestrated.

## **Regulatory requirements**

- 2.11 **The Social Housing Charter** came into effect in April 2012 (reviewed November 2022) this sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The Association's Rent Arrears Policy will take account of and comply with the relevant Outcomes contained within the Social Housing Charter:

### **Outcome 1 – Equalities**

*Every tenant and other customer has their individual needs and rights recognised, is treated fairly and with respect, and receives fair access to housing and housing services.*

### **Outcome 9 – Housing Options**

*People at risk of losing their homes get advice and information on preventing homelessness.*

### **Outcome 11 – Tenancy Sustainment**

*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.*

### **Outcome 13 – Value for Money**

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

- 2.12 Our policy complies with the **Scottish Regulatory Standard of Governance and Financial Management**, in particular Standard 3: *The Registered Social Landlord manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.*

## **SECTION 3**

### **Roles & Responsibility**

- 3.1 Overall control of the policy rests with the Board of Management who are required to approve the policy on a three yearly basis.
- 3.2 The following table provides a high level summary of the staff roles and responsibility in relation to rent arrears management:

<b>Staff Title</b>	<b>Responsibility</b>
Board of Management	Reviewing the policy every 3 years. Make decisions on enforcing decrees awarded at court based on reports presented by the Director of Customer Services.

Director Of Customer Services	Overarching responsibility for performance and adherence to policy/procedure/legislative requirements. Review policy every 3 years before Board approval is sought. Present decree reports to Board for decision.
Senior Housing Officer (SHO)	<p>Line management of Housing Officers, monthly &amp; quarterly performance monitoring and adherence to policy/procedure/legislative requirements including regular audit of cases. Assessing and implementing training needs of staff.</p> <p>Contribute to policy review &amp; responsibility for reviewing the rent arrears procedure in line with arrears policy review.</p> <p>SHO can raise court action and seek decree for eviction with approval from Director of Customer Services.</p>
Housing Officers	Line management of Housing Assistants ensuring performance monitoring and adherence to policy/procedure/legislative requirements, regular audit of cases. Contribute to policy and procedure reviews. Attend training as required. Ensure a collaborative approach to minimise rent arrears.
Housing Assistants	Adherence to policy/procedure/legislative requirements. Contribute to policy and procedure reviews. Attend training as required. Ensure a collaborative approach to minimise rent arrears.
Customer services staff	Ability to recognise a tenant on our housing management system with rent arrears who has no payment arrangement in place and pass to appropriate staff member.
All board and staff	To maximize the income of Ardenglen by effective implementation of the arrears policy, whilst ensuring fairness and empathy for those facing financial difficulty.

## **SECTION 4**

### **Aims & Objectives**

- 4.1 To help prevent the development of arrears by providing information, advice and offering a Financial Inclusion Service to tenants and prospective tenants to help them maximise their incomes and improve their ability to pay rent.
- 4.2 To have a sympathetic but firm approach to rent arrears control that involves responding promptly and purposefully to nonpayment of rent. An example of this behaviour would be to sign post tenants for support when support is identified and tenants would be expected to attend support appointments and work with relevant agencies to address issues that are currently preventing payment of rent. E.g. budgeting, debt, welfare benefit checks, addiction services etc.
- 4.3 To respond effectively where rent arrears persist by establishing personal contact at an early stage and by making formal and sustainable agreements for repayment.
- 4.4 To take legal action only as a last resort, for example when there is continued non-payment or repeat default of payment arrangements or non-cooperation. Legal action will only be considered where appropriate and effective, whilst being at a minimum cost.
- 4.5 To set and meet specific targets for the control and reduction of arrears.
- 4.6 To prevent homelessness through arrears management and by having sound systems in place for identifying vulnerable households.
- 4.7 To promote a positive payment culture, for both new and current tenants and encourage communication when financial difficulties arise.
- 4.8 To develop and encourage good working relationships with partner agencies such as Glasgow City Council, the Department of Work & Pensions, Health & Social Care Partnership and Castlemilk Credit Union & Law Centre.

## **SECTION 5**

### **Arrears Management**

- 5.1 We will allocate adequate resources to the function of arrears recovery with an escalation process dependent on the level of the arrear.
- 5.2 We will use our IT system to identify true arrear cases making the most of staff time and targeting priority cases for action.



- 5.3 We will credit individual accounts with payments on the day they are made available to us ensuring accurate rent account information is available at any time. We will also ensure our end of period procedures are carried out as soon as all payment information is loaded on to the system. This will enable us to respond efficiently to nonpayment cases.

## **SECTION 6**

### **Arrears Prevention**

#### **1. Rent Collection**

- 6.1 The Association charges its rent debit in arrears i.e. the rent payment is due at the end of the accounting period. The association currently charges its rent on a monthly basis.
- 6.2 We will offer tenants the option of paying their rent by installments during the payment cycle (e.g. weekly or fortnightly basis) to take account of their particular circumstances.
- 6.3 We will offer a wide range of payment methods to make it as convenient as possible for people to honour their rental commitments.
- 6.4 We will encourage new tenants to make 1<sup>st</sup> rent payment at the tenancy sign up wherever possible.

#### **2. Liaison with Housing Benefit/Universal Credit**

- 6.4 We will attend liaison meetings with Glasgow City Council or Department of Work and Pensions (DWP) and ensure that all staff are made aware of any relevant issues discussed.
- 6.5 Where Housing benefit is being applied for, we will give an indication of what the entitlement is likely to be. This will be done either by our Financial Inclusion Officer or by the online facility available from Glasgow City Council.
- 6.6 Universal credit entitlement is calculated at the end of the claimant's assessment period and the award will be communicated directly to the claimant by the DWP.
- 6.7 We will encourage authorisation that any entitlement to Housing Benefit gets made directly to the landlord as a 3<sup>rd</sup> party payment and that UC Claimants are made aware of Scottish flexibilities relating to the authorisation of direct payment to landlord and encouraging a decision on this.
- 6.8 We will assist Housing Benefit Department/DWP to obtain information required in order to process a claim. This will be done where we are notified that such a situation exists.

- 6.9 In order to avoid housing benefit or universal credit being overpaid, we will recognise triggers from information being given to us to encourage swift engagement with Housing Benefit Section/DWP.
- 6.10 When Universal Credit notifies us of a claim we will verify the rent charge through the verification of housing costs form.
- 6.11 We will ensure that tenants moving from housing benefit to universal credit receive the two weeks run on of housing benefit.
- 6.12 Where appropriate we will make an alternative payment arrangement for universal credit housing costs to be paid direct to us.
- 6.13 We will apply for direct payments for rent arrears over the value of two months if we are unable to obtain a repayment agreement directly.
- 6.14 We will advertise universal credit Scottish flexibilities and encourage tenants to make decisions based on these choices.
- 6.15 Discretionary housing benefit is still available for UC claimants to apply for if their full housing costs are not met and tenants will be actively encouraged and supported to apply for this.
- 6.16 Tenant's in receipt of universal credit giving up their tenancy may not qualify for a two home payment. At giving up notice stage we will establish eligibility and where applicable refer the claimant to DWP to apply.
- 6.17 Where a tenant has rent arrears or is unlikely to qualify for the two-home payment we will require to have a payment arrangement in place. We will seek an affordable repayment agreement with the outgoing tenant during the notice period.

### **3. Financial Inclusion Service & Signposting**

- 6.18 The Association offers a full-time Financial Inclusion Service to assist tenants with a wide range of financial issues such as benefit checks, benefit overpayments, fuel efficiency, council tax, debt problems, appeals and tribunal representation.
- 6.19 From time to time Welfare Rights Campaigns will be launched to target specific household groups in an attempt to maximise income. An example of these may be a drive to increase discretionary housing benefit to those who have partial eligibility to the benefit or a mail drop to pensioners to ensure full entitlement to benefits are being claimed.
- 6.20 Where it is deemed to be appropriate staff will signpost or refer to other relevant agencies to offer assistance such as Social Work Department, Castlemilk Law Centre, Castlemilk Credit Union or Budgeting Services.

#### **4. New tenants**

- 6.21 All letters offering accommodation will clearly state the rental charge for the property. On acceptance of an offer of a tenancy, all individuals will be invited to sign a tenancy agreement. During this process full details of the rental process and obligations will be explained. New tenants will be encouraged to make their 1<sup>st</sup> rent payment at the tenancy sign up wherever possible.
- 6.22 Within 4-6 weeks of the tenancy starting, Housing Services Staff will arrange to carry out a "settling in visit." This is a useful and important opportunity to pick up on any potential or actual rent payment problems.

#### **5. Existing tenants**

- 6.23 Where it is clear that an existing tenant is experiencing difficulties in meeting their rental commitments, the Association recognises the importance of early intervention, and wherever possible face to face contact. This is crucial in arrears prevention.
- 6.24 Existing tenants will be given information similar to new tenants, however the discussion is more likely to focus on their individual circumstances and the reasons as to why arrears have accrued.

#### **6. Publicity campaigns**

- 6.25 The Association issues 4 newsletters annually which will be used as a vehicle to promote information and services to tenants regarding payment of rent, arrears control and prevention.
- 6.26 We will promote methods of payment and services available to tenants experiencing difficulties in making payments via leaflets, office posters and our website and social media platforms.

### **SECTION 7**

#### **Arrears Recovery**

##### **1. Early intervention**

- 7.1 As a result of effective monitoring procedures, the association will ensure early intervention as soon as a missed payment is identified.
- 7.2 The association's preferred method of contact is face to face, however, each case will be dealt with individually and a variety of communication methods will be used.

7.3 We will be concerned both with level of debt and also number of periods in arrears.

## **2. Repayment arrangement**

7.4 We are committed to recovering all debts due in a manner which is realistic and achievable for both the tenant and the association. We will be sensitive and non threatening whilst communicating the seriousness of the situation.

7.5 Our repayment arrangements will be based on individual's circumstances and will take into consideration income and expenditure commitments. We will negotiate repayment arrangements at any stage of the arrears process and give indications when the debt will be paid off.

7.6 We will always seek to establish the reason for rent arrears accruing and signpost or refer as appropriately based on the information we are given.

7.7 We will confirm details of repayment arrangements in writing and encourage contact with staff if difficulties in maintaining payments are encountered.

7.8 Acceptable arrangements will include the option of a lump sum payment or payment by installments or a combination of both. We will also consider direct deductions from benefits where appropriate.

## **SECTION 8**

### **Legal & Court Processes**

8.1 Legal action is the last stage in the rent arrears process. The decision to request that an action for recovery of possession of the property and payment of arrears of rent may be raised will only be taken when all other means of recovery have been exhausted. The court may make either (or both) an order for recovery of possession or an order for repayment. An award of expenses will be sought.

8.2 Legal Proceedings will always adhere to the current legislation which at the time of writing is the Housing (Scotland) Act 2001, 2010 and 2014. Throughout the legal process, Ardenglen will always be willing to enter into a suitable repayment agreement.

8.3 The first stage in the legal action process will be the serving of a Notice of Proceedings. Notices will be served on the tenant and every member of the household over 16 years old.

8.4 The exact point at which a Notice of Proceedings will be issued will be decided on a case by case basis and all cases will comply with pre action requirements set out in section 14A of the Housing (Scotland) Act 2010. Factors that will be

considered will include the level of the arrear, the lack of tenant contact and the continual breaking of repayment agreements.

- 8.5 The association will appoint solicitors to advise and represent the Association during the legal process. Action taken will be dependent on the individual circumstances of the case. Tenants will be kept informed and fully involved in all stages of the legal action process.
- 8.6 A decree for eviction will be enforced only as a last resort. Prior to any eviction taking place, the association will ensure the tenant is given the appropriate advice on whom to contact with regards to their housing situation.
- 8.7 The final decision on whether or not to enforce an eviction decree lies with the Board who will receive a full report on the situation. Anonymity of the tenant will always be preserved.

## **SECTION 9**

### **Former Tenant Arrears**

- 9.1 The association will actively pursue rent arrears owed by former tenants. Upon termination of tenancy, those with rent arrears are made aware of the debt and encouraged to either clear the balance in full or enter into a repayment agreement.
- 9.2 Where attempts to recover arrears by a variety of contact methods have failed, or the former tenants' whereabouts is unknown, the debt will be referred to a debt recovery agency. At the time of writing, this is Network Credit Services.
- 9.3 Legal action to recover the arrears will be taken in circumstances where an assessment of the former tenants financial circumstances indicate that such an action would be appropriate.

## **SECTION 10**

### **Write off's and bad debt**

- 10.1 Where a former tenant debt is uneconomic to pursue or there is no prospect of recovery the debt will be written off at the end of each financial year.
- 10.2 The criterion for write off of arrears is;
  - Cases closed by the debt collection agency
  - Amounts owed by people who have died

- Amounts confirmed in a bankruptcy case (trust deed, sequestration or similar) Sequestered tenants must maintain their ongoing rent payments after a sequestration is in place. If they do not, then legal action will be considered as normal against any new debt.
  - Balances of under £100 where no payments have been received or contact made following first and second reminder letters
  - Arrear balances under £20
- 10.3 As well as former tenant arrears balances, annual write offs for former tenant credit balances will also take place. The credit write off criterion are;
- Housing benefit/Universal credit is entitled to but has not made any reclaim 12 months after a tenancy has ended
  - Tenant deceased with no estate or next of kin
  - No forwarding address is known to issue a refund
  - Balances of under £20
  - Credit balances to a zero account as a result of a previous write off
- 10.4 All write off's by the association will be classified as bad debt. In addition to this, bad debt will be further defined as any debt that cannot be cleared within 2 years. In these cases the write off will be for accounting purposes only and the Association will continue to pursue the debt

## **SECTION 11**

### **Performance Monitoring**

- 11.1 The Association's Board will monitor the effectiveness of this policy and will receive the following information to allow them to do so;
- The actual amount of money collected during the period in relation to the rent debit charged
  - The percentage of the total annual rent debit that is represented by current tenant arrears
  - The instances where an eviction decree has been received
- 11.2 Annual performance figures on arrears will be made in the Annual Report and Annual Report on the Charter.

## **SECTION 12**

### **Tenant Consultation**

The Housing (Scotland) Act 2001 requires all social landlords to take tenants' views into account when formulating key service delivery policies.

We actively seek tenants views in a number of ways via face to face discussions, questionnaires and focus groups. As a minimum, we notify tenant's of our policy reviews via our website, newsletter or face book page. Tenants and customers can access our policy document via our website and feed back to us on any comments they would like to make or complete a short questionnaire.

All of the views gathered are reviewed and considered as part of our policy review.

## **SECTION 13**

### **Disputes, training & review**

- 13.1 Any tenant who wishes to complain about the way in which they have been dealt with under the terms of this policy or who wishes to appeal against a particular decision should first contact their Housing Officer. If they are dissatisfied after that they should consult the Associations Complaints Policy which is available via our website.
- 13.2 Frontline staff dealing with rent arrears will be empowered with clear responsibilities and will receive appropriate training and support.
- 13.3 Board of management will have their training needs assessed as part of their induction onto the Board and annual appraisal process.
- 13.3 The policy will be monitored and reviewed as required but at least on a 3 yearly cycle. The review will take account of legislative changes, new policy guidance, best practice advice and the views of users.