

Arrears Management

28 November 2013

Policy Manual Section:	Operations- Housing Management Property Management
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Scottish Social Housing Charter Reference:	1: Equalities 2: Participation 3: Tenancy Sustainment 13: Value for Money 14 and 15: Rents and Service Charges
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Govan Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.



1.0 Aims

- 1.1 The Association has a duty to maximise its income by preventing rent arrears and service charges building up and by recovering any arrears fairly and effectively.
- 1.2 This policy sets out the principles that the Association conforms to in its aim to minimise arrears.

2.0 Principles

- 2.1 Rental income is the Association's main source of income. Effective and efficient management of rent and service charge arrears is vital to the successful functioning of the Association. Maximising rental income (including service charges) and preventing rent arrears accruing at the earliest opportunity will contribute to ensuring the Association's financial viability.
- 2.2 Rent and service charge arrears may be incurred by tenants of the Association failing to abide by their contractual obligations. Tenants have a right to ask for their tenancy to be ended at any time and as long as the Association agrees this can be done without 28 days notice. If a new tenancy has been created and the tenant asks for the tenancy to end within 28 days of the tenancy commencing and the Association agrees to this, no rent will be charged to the tenant for this period.
- 2.3 The Association expects that its tenants take responsibility for ensuring that rent and service charges are paid regularly and on time. This is the case even if tenants have applied for housing benefit.
- 2.4 The Association will promote a rent payment culture and endeavour to prevent arrears.
- 2.5 Tenants entitled to housing benefit will be encouraged to have their benefit paid directly to the Association as long as there is a facility for them to do this.
- 2.6 The Association will seek to make it as easy as possible for tenants to pay their rent and service charges by providing a range of payment methods that meet their needs, including Allpay cards and direct debit.
- 2.7 The first priority for the Association in relation to rent and service charge arrears is to prevent arrears occurring. All new tenants will be given assistance to complete housing benefit forms where necessary and advice on, and/or referral to, other agencies, as required. We will also explain their tenancy obligations, which include their responsibility to make regular payments, monthly in advance.
- 2.8 All new tenants will have a visit from a member of the Association's housing management staff within 6 weeks of their tenancy commencing. During this visit the any issues the tenant has relating to their rent account will be discussed and assistance and advice provided on any claims for housing or other benefits.
- 2.9 The Association will consult with tenants regarding any change to the rent and service charges payable and will give tenants 28 days written notice of any increase in rent and/or service charges.

3.0 Equality and Diversity

- 3.1 Govan Housing Association is committed to equality and diversity and will not discriminate in the operation of this policy on the basis of age, gender, race, colour, ethnicity or national origin, language, religion or political belief, marital status, family circumstances, sexual orientation or

disability. The Association will regularly test this policy for Equal Opportunity implications and take appropriate action, where necessary.

4.0 Management of Rent Arrears

- 4.1 The Association will develop a detailed set of procedures identifying actions, roles and responsibilities in implementing its policies. These procedures will be subject to regular review and audit.
- 4.2 The Association recognises that on occasions individual tenants experience problems that affect their ability to pay rent and service charges.
- 4.3 Early detection of rent and service charge arrears and initiation of prompt action are critical principles of effective arrears recovery. Early intervention by the Association will be initiated in a bid to prevent the arrears escalating. The Association will use a variety of measures to contact tenants in arrears including telephone calls, letters, calling cards or face to face interviews and record all contact and the outcome on our IT system, via the action note boxes and activities fields.
- 4.4 If tenants are in arrears, they must make contact with the Association to agree arrangements for clearing any arrears. It is vital that tenants do not delay in making contact or break any arrangement made to pay.
- 4.5 If tenants are having problems managing their finances or are experiencing difficulties with Housing Benefit, then the Association will offer practical advice and assistance.
- 4.6 Benefit advice and debt counselling can help to prevent rent arrears and can improve the prospects of recovery of arrears. Support will be given to tenants to seek advice to maximize their income via welfare and housing benefits. Such support will be offered at the start of a tenancy, including the Settle In Visits, which are carried out within 6 weeks of the start of the tenancy, and during all stages of arrears recovery.
- 4.7 Where a tenant has accrued arrears and has consistently refused to co-operate with the Association, the Association retains the right to withdraw that tenant's home from any improvement programme.
- 4.8 Where tenants have the Right To Buy, applications will not be processed if the tenant(s) has outstanding rent and service charge arrears on their account. Once the arrear has been cleared, the tenant can re-apply to the Association to purchase their home.

5.0 Recovery of Rent Arrears

- 5.1 If tenants do not co-operate in dealing with outstanding arrears or respond to letters or visits, then legal action will be taken. This can lead to proceedings to end their tenancy and eviction from their home.
- 5.2 If tenants fail to respond to letters or visits and the arrears remain unpaid, the Association may serve a Notice of Proceedings on the tenant and all qualifying occupiers notifying them that legal action is likely to commence a suitable arrangement is not made and adhered to.
- 5.3 Eviction will be considered only as a last resort and every effort will be made at each stage to avoid it. Tenants will be given advice and assistance and actively encouraged to get independent help from statutory and voluntary bodies as necessary.

- 5.4 The Management Committee will decide if eviction action is to be carried out. In making this decision, they will take into consideration the following:
- If the tenant is in a position to repay the outstanding arrears within 14 days of the charge notice together with the resulting expenses.
 - If they are in this position, the eviction would be cancelled
 - If they are not, the eviction would be carried out
 - If the tenant is in a position to repay a significant amount within a specific timeframe (for example 50 or 75% of the outstanding balance within 3 months) the tenant will be asked to establish a repayment arrangement for the balance of the arrear and sign a new tenancy agreement and the decree will not be enforced.
- 5.5 If eviction does occur, the Association will ensure that the Homeless Persons Unit is advised in an effort to secure alternative accommodation, either temporary or permanent.
- 5.6 Changes introduced by the 2010 Act mean that any decree granted from 01.08.12 will no longer end the tenancy. A decree is only valid for 6 months so if no eviction is carried out within the 6 month period then the existing tenancy continues.

6.0 Arrears and Improvement Works

- 6.1 If rent and service charge arrears (or rechargeable repairs) are outstanding on a current tenant's account, and an arrangement has not been maintained for at least three months, the property will be withdrawn from any planned internal improvement works contracts.
- 6.2 If the tenant clears the arrear in full within seven days of receipt of the letter, the property will be put back on the contract.
- 6.3 If a tenant makes an offer to repay the arrear in instalments they will be advised that their property will be considered for improvement in the next financial year dependant on their repayment history and budgets.

7.0 Recovery of Court Expenses

- 7.1 When the Association is granted decree against a tenant for rent and service charge arrears, for access to carry out gas servicing, or any other breach of tenancy, expenses are usually awarded by the court. The expenses vary and the amount awarded is determined by the Sheriff.
- 7.2 The Association has a legal right to recharge the tenant or former tenant for the expenses awarded by the court.
- 7.3 The Association will pursue all tenants and former tenants for the full amount of expenses awarded by the court.

8.0 Former Tenant Arrears

- 8.1 The Association will endeavour to stop former tenant arrears occurring but where inevitable, to also minimise the level of arrears at the end of tenancy.

- 8.2 Former tenant arrears may be passed to a debt collection agency (DCA) for perusal. If a tenant absconds or is evicted, the debt will be passed by the Association directly to the DCA.
- 8.3 Arrears deemed to be irrecoverable by a debt collection agency will be written off without further action. Written off debts does not negate the former tenant's responsibilities for the debt and should their whereabouts be known in future or they make an application for rehousing, they will be pursued for the debt.
- 8.4 The Housing Manager has delegated authority to authorise the write off arrears under £500. Former tenant arrears of £500 or more will not be written off without the authority of the Management Committee.

9.0 Review

- 9.1 This policy will be reviewed every three years.

EQUALITY IMPACT ASSESSMENT

TITLE OF POLICY	Rent and Service Charge Arrears Policy
Is the policy new or a revised policy?	This is a revised policy.
Date of new or revised policy	November 2013
Strategic Outcome	Compliance with legislation and good practice in relation to dealing with tenants in the recovery of rent arrears.
What is the purpose of the proposed policy?	<ul style="list-style-type: none"> • Clarification on action to take when tenants don't pay their rent (and service charges). • Specify the responsibilities of staff in dealing with tenants with rent and service charge arrears. • Specify the responsibilities of tenants in paying their rent and service charges.
Protected Characteristic Groups Affected By the Policy	<p>Age All tenants (who must be over 16 years of age).</p> <p>Disability The Policy is applicable to all tenants irrespective of any disability that may exist.</p> <p>Marriage and Civil Partnership The terms of this policy relates to all tenants, irrespective of marital status.</p> <p>Pregnancy and Maternity The Policy is applicable to all tenants and does not discriminate in any way against tenants who are pregnant.</p> <p>Race Similar to earlier points above, the policy does not relate specifically to this protected group, however, it is applicable to all tenants irrespective of the person's race.</p> <p>Religion or Belief The policy does not consider religion or beliefs of individuals but clearly states it relates to all tenants and a fair and consistent approach will be undertaken in implementing this decant policy.</p> <p>Gender and Gender Reassignment</p>

	<p>These policies is applicable to all tenants including males, females, transgender people and those seeking or have experienced gender reassignment.</p> <p>Sexual Orientation This policy relates to all tenants who will be treated equally and consistently. This means that lesbian, gay, bi-sexual, heterosexual and transgender people will be treated the same.</p>
<p>Who is the Target Audience of this policy or who is intended to benefit from the proposed policy and how?</p> <p>(i.e. employees, service users, Management Committee etc.)</p>	<p>The target audience for this policy are GHA staff dealing with tenants who fail to pay their rent and service charges and fall into arrears. It is intended to benefit:</p> <ul style="list-style-type: none"> • Employees, by clarifying steps that will be taken in terms of dealing with tenants who fail to pay their rent and service charges and fall into arrears; • Tenants , by clarifying steps that will be taken if they fail to pay their rent and service charges and fall into arrears; • Management Committee, by clarifying steps that will be taken in terms of dealing with tenants who fail to pay their rent and service charges and fall into arrears.
<p>Please list any existing documents, evidence, research which have been used to inform the EqIA. (This must include relevant data used in this assessment)</p>	<p>Govan HA has statistics on some of the protected characteristics of its tenants. From the review of this policy and carrying out this Equality Impact Assessment, the application form has now been changed so that more information on protected characteristics is captured in the future.</p>
<p>Has any consultation, involvement been undertaken with the protected characteristic groups to inform this assessment? (please provide details who and how consulted)</p>	<p>No, consultation was not possible due to work commitments. All staff have been made aware of the policy which emphasises that all groups will be treated equally and consistently.</p>
<p>What is the actual likely impact?</p>	<p>The likely impact of this policy with it's emphasis on treating all tenants including the protected characteristic groups fairly and consistently in relation to dealing with rechargeable repairs and ensuring that no one group is discriminated against will be to clearly outline expectations to staff and tenants, and will assist in the prevention of any discrimination that may occur.</p>
<p>How have you, or will you, put the policy into practice, and who is or will be responsible for delivering it?</p>	<p>The policy has been approved by the Association's management committee, and is included in the Housing Management Policy Manual. The Housing Manager will be responsible for the review of the policy and housing management staff will be responsible for delivery of the</p>

	policy on a day to day basis.
How does the policy fit into our wider or related policy initiatives?	Policy ties in with the Association's aim to provide a professional, high quality, well governed and transparent service and to be recognised accordingly.
Do you have a set budget for this work?	The costs of dealing with rent and service charge arrears will be incorporated into the Association's budgets which are approved by the Association's Management Committee each January/February for the forthcoming year.

The table above is taken from the Step One of the Government's Self-Assessment Tool – "Defining the aims of the policy".

The Association should be able to measure the degree to which the policy objectives are achieved via a range of internal monitoring systems, including Committee reporting.

Individuals from each of the protected characteristic groups will be treated with respect and dignity and will have the same rights to access the policy or receive advice and information.

The Association already has some information on the protected characteristics categories as noted below:

Age	YES	✓	NO	
Disability	YES	✓	NO	
Marriage and Civil Partnership	YES	✓	NO	
Pregnancy and Maternity	YES		NO	✓
Race	YES	✓	NO	
Religion or Belief	YES		NO	✓
Gender	YES	✓	NO	
Gender reassignment	YES		NO	✓
Sexual Orientation	YES		NO	✓

Appendix 1 –RELEVENT LEGISLATION

The following is a brief summary of the legislation that affects the recovery of rent arrears: -

1.0 The Data Protection Act 1998

Imposes obligations on the Association not to disclose personal information held on computer or certain types of non-computerised data.

2.0 Equality Act 2010

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.

3.0 Housing (Scotland) Act 2001

The Act requires the Association to provide tenants with a written document stating the terms of the tenancy, including the obligation to pay rent lawfully due. Section 16 and Schedule 2, Part 1 of the Act gives the grounds for repossession of a Scottish Secure Tenancy and Section 14 lays out the procedures for possession.

3.0 The Civil Partnership Act 2004

Civil partners should be given the same rights as married couples.

4.0 The Equality Act 2010

Bans unfair treatment and helps achieve equal opportunities in the workplace and in wider society. The act covers nine protected characteristics, which cannot be used as a reason to treat people unfairly.

5.0 The Housing (Scotland) Act 2010

The Act introduced pre court requirements that every registered social landlord must follow to show that they have taken specific action before proceeding with court action for arrears recovery.

The Association will observe the terms of all of the above legislation and strive to implement the policy and procedures to meet all legal requirements.