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LOCHALSH AND SKYE HOUSING ASSOCIATION

RENT ARREARS

PREVENTION, MANAGEMENT & RECOVERY POLICY and PROCEDURES

LAST REVISION DATE:

January 2006

NEXT REVISION DATE:

As required

INTRODUCTION

The Association recognises the importance of effective rent arrears prevention management and recovery and aims to minimise the level of rent arrears whilst also being sensitive to the individual circumstances of those (tenants and sharing owners) in arrears. Rent arrears are a cost to the Association and therefore, ultimately, a cost to tenants. For the purposes of this document, rent includes rent charges, service charges, management charges and furniture charges; also the term "tenant" is taken to include sharing owners.

More specifically, the Association will adhere to the following main principles when implementing the policy:-

- (a) Prevention is the key to arrears control and the Association will ensure that measures are taken to minimise the risk of rent arrears arising in the first instance.
- (b) The Association will respond quickly to non-payment of rent and to requests for assistance in dealing with arrears.
- (c) The Association will adopt a supportive approach to those in arrears or those potentially facing arrears.
- (d) The Association will provide clear and understandable information and advice on rent payments and arrears control measures along with adequate reporting to allow staff and Committee to monitor the effectiveness of the rent arrears policy.
- (e) The Association will take all reasonable steps to recover rent arrears due.
- (f) The Association aims to ensure that rental loss due to arrears is kept to a minimum to safeguard the financial well-being of the Association.

PREVENTION OF ARREARS

The Association will take the following steps in order to prevent arrears arising:-

- (a) When initially offering accommodation, the Association will clearly advise the applicant on the level of rent payable for the property and that housing benefit may be payable for all or part of their rent.
- (b) The Association will include within the information pack for new tenants clear information on rent payment methods, the availability of housing benefit (an application form to be included) and recovery action that may be taken in the event of non-payment of rent.
- (c) At the signing-up stage, the Association will ensure that the tenant is fully aware of and understands the information provided to them in respect of rent payment methods, housing benefit entitlement and recovery action:-

(i) Payment methods

Tenants may choose their own method of payment but the Association will encourage the use of Standing Orders, Bank Giro Credit Slips (usable at Bank branches and mobile vans) and payment by cheque. Although there are risks associated with cash payments, it should be remembered that not all tenants will have bank accounts. The Association will allow any frequency of payment provided the sum due for any one month is paid within that timescale.

(ii) Housing Benefit

Assistance will be offered and given, if required, in the completion of housing benefit application forms and tenants will be informed of the importance of forwarding the form to the Local Authority as quickly as possible. The need for the Association and other relevant bodies to be advised in the event of changes in circumstances will be highlighted during the signing-up process. Direct payment of Housing Benefit to the Association will be encouraged.

(iii) Recovery Action

The importance of making regular timeous payments of rent will be emphasised to the tenant and the recovery action options explained in detail. It will be pointed out that should problems arise, the Association should be contacted in the first instance. If necessary, the tenant may be referred to other agencies for appropriate advice and information, including debt counsellors, money advice and welfare benefit agencies.

- (d) New tenants will have their rent account closely monitored for early signs of difficulties and should they occur, a courtesy call will be made to offer advice and assistance in remedying any problems.
- (e) In the event that early arrears are identified and assistance is required, the Association will make every effort to liaise with other agencies, e.g. Social Work, Money Advice Agencies, Department of Social Security and the Local Authority Housing Benefit Section.
- (f) All tenants will be regularly reminded through the appropriate channels, e.g. periodic letters, newsletters, to approach the Association and/or the Local Authority Housing Benefit Section in the event of changes in their circumstances.
- (g) Annual rent increases will be notified to tenants at the earliest opportunity and always within at least one calendar month prior to their implementation.
- (h) All staff will be easily contactable and accessible by telephone, e-mail, fax and letter. Personal visits may be arranged either to our office or to the tenant's home, if required, particularly if there is knowledge of the tenant

being old, infirm or disabled. An outreach service is available throughout the area and office hours have been extended by lunchtime opening.

- (i) The Association will liaise closely with the Local Authority Housing Benefit Section when problems arise with the payment of housing benefit.

ARREARS CONTROL

The Association will ensure that the rent accounting system is accurate at all times and in the event of rent arrears arising, a firm approach will be adopted. The following procedures will be adhered to:-

- (a) Rent accounts will be monitored fortnightly to identify potential new arrears cases.
- (b) Initial contact will be made by letter or personally within seven days of non-payment, intimating clearly the balance of rent owing, requesting payment and suggesting that contact be made with the Finance Services Officer to discuss the situation if immediate payment cannot be made.
- (c) If payment is not made within one month of the arrear accruing, a letter requesting payment within a designated timescale will be sent and advising that legal action will be taken in the event of non-payment. The tenant will be encouraged to contact the Housing Association in the first instance as well as the Local Authority Housing Benefit Section and other appropriate advice agencies.
- (d) If it is not possible for a tenant to repay the arrears in one payment, an installment arrangement will be agreed, taking into account a sum that can realistically be paid once all the relevant information is known. A Rent Agreement will be made up in duplicate which must be signed by both the tenant and the Housing Association; one copy will be given to the tenant when signed. This will include details of the consequences of further non-payment. Checks that repayment arrangements are being adhered to will be carried out in the same frequency as the terms of the Rent Agreement. The tenant will be made aware that in signing an agreement, they are committing themselves to a contract which may ultimately have a legal bearing and that breaking such an agreement may result in legal action.
- (e) Progress made in the payment of rent arrears will be closely monitored and all correspondence and records of telephone calls and visits will be kept in the tenant's file. Where tenants fail to respond to correspondence, telephone calls will be made, if appropriate, to attempt to resolve the situation. Home visits will also be made where it is considered that these are appropriate.
- (f) The Finance Services Officer will continue to liaise with other agencies, where applicable, particularly the Housing Benefit Section and other appropriate advice agencies.

LEGAL ACTION

CURRENT TENANTS

Where a tenant persistently fails to pay rent and/or has broken installment arrangements, then legal action will be instigated. The decision to commence legal action will be taken by the Finance Services Officer in consultation with the Director and the Housing Services Officer only if no alternative action is available or appropriate.

The following procedures will apply:-

- (a) A Notice of Proceedings for Recovery of Possession under the Housing (Scotland) Act 2001 which gives a minimum of four weeks' notice of court action will be served by Recorded Delivery Post to all members of the household over 16 years of age known to be living at the address.
- (b) Where the serving of a Notice has not resulted in an adequate reduction in arrears or agreed action to reduce the arrears, the matter will be passed to the Association's solicitors.
- (c) The solicitors will initially send a letter intimating the intention of proceeding with Court action and that legal costs may be involved unless a satisfactory response is received from the tenant within seven days.
- (d) If the tenant fails to provide a satisfactory response, the Association will seek a Decree in Court. In most cases, a Decree for payment and re-possession will be sought. The Finance Services Officer will liaise with the solicitors to ensure that all necessary information is available for the Court hearing.
- (e) During all stages of legal action, the tenant will be advised of the Association's intentions and of the outcomes and consequences of successful legal action by the Association. Where possible, staff will continue to advise the tenant to seek independent help and advice.
- (f) In the event of an eviction, a Sheriff Officer will be engaged by the Association's solicitors to enforce the Decree. The Property Services Officer should be in attendance. If appropriate, other agencies such as the Police and the Social Work Department may also be asked to be present. The Highland Council's Housing Services staff should also be alerted of an imminent homelessness situation arising.
- (g) Legal costs, e.g. solicitor's fees, Sheriff Officer's costs, may be recharged to the tenant.

FORMER TENANTS

- (a) Prior to terminating their tenancies, tenants will be given due notice of all rent due for which they are liable. If this is not paid in full, the former tenant(s) will be advised to ensure that this is paid in full within fourteen days of the end of the tenancy or, if appropriate, to enter into an arrangement to pay by installment.
- (b) Where former tenants fail to clear their account or make appropriate arrangements to clear outstanding debts, the matter will be passed to the Association's solicitors for recovery.
- (c) Where the Association is unaware of the whereabouts of a former tenant who owes rent arrears or other debts, including legal expenses, or in other special circumstances, e.g. the death of the former tenant, then provision will be made to write off this debt in line with the Association's Policies and Procedures for dealing with Bad Debt.

COMMITTEE CONTROL

- (a) The Management Committee will receive quarterly reports on rent arrears as follows:-
 - the overall total of arrears and expressed as a percentage of rents receivable
 - a breakdown between arrears of less than and more than thirteen weeks
 - a breakdown between "technical" and "non-technical" rent arrears
 - the overall total of former tenants' arrears
 - the overall total of former tenants' arrears written off
 - trends and patterns emerging on rent arrears.
- (b) The Management Committee will receive a monthly report on recovery action for rents and debts and a quarterly performance report on current arrears and former tenant arrears to be written off. They will also receive an annual report on the comparisons between the arrears level and the target figures set as well as comparative data through benchmarking.
- (c) The Management Committee will require to give their permission for Court action to be taken in individual cases on the information provided by the Director. They will be informed when Decree is awarded and their approval will be sought to implement the terms, ensuring that all steps are taken to keep sensitive details relating to the tenant confidential. If they decide that eviction is appropriate, then the tenant will be entitled to a final right of appeal which will be heard by the Management Committee or Sub-Committee convened for that purpose. The tenant will be able to have a friend or advisor in attendance. The Management Committee/Sub-Committee decision will be final.

TARGETS

Targets in respect of rent arrears will be set annually within the Association's Business and Internal Management Plan.

POLICY REVIEW

This Policy will be the subject of regular review.
