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RENT ARREARS

PREVENTION, MANAGEMENT & RECOVERY POLICY and PROCEDURES

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**RENT ARREARS –
PREVENTION, MANAGEMENT AND RECOVERY POLICY AND PROCEDURES**

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RENT ARREARS – PREVENTION, MANAGEMENT AND RECOVERY POLICY AND PROCEDURES

1. INTRODUCTION

- 1.1 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.
- 1.2 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. This will be done in a fair and consistent manner while being sympathetic to the individual needs of tenants.
 - (b) The Association will respond quickly to non-payment of rent and to requests for assistance in dealing with arrears. This will allow the tenant every opportunity to clear the debt when it is at a manageable level and to help develop a positive relationship with tenants who generally do not want to be in arrears.
 - (c) The Association will adopt a supportive approach to those in arrears or those potentially facing arrears. Only a small proportion of those in arrears are able to pay but choose, for various reasons, not to.
 - (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.

2. PREVENTION OF ARREARS

2.1 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, tenants will be asked for their National Insurance Number as this can be used to trace tenants if they move away, leaving sums owing to the Association.
- (d) 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, together with all relevant documentation, 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. Housing Benefit is paid four-weekly in arrears and direct payment to the Association will be encouraged.

If it is unlikely that a tenant will receive full Housing Benefit, they will be encouraged to pay an affordable amount towards their ongoing rent. Any overpayment will be refunded to them. Shortfalls will require to be paid following the completion of their claim.

(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, welfare benefit agencies, social services and health agencies as appropriate.

- (e) 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.
- (f) 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. Health Agencies as appropriate, Social Work, Money Advice Agencies, Department of Social Security and the Local Authority Housing Benefit Section.
- (g) All tenants will be regularly reminded in plain English 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.
- (h) Annual rent increases will be notified to tenants at the earliest opportunity and always within at least one calendar month prior to their implementation.
- (i) 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. Text-messaging and contacting tenants by telephone in the evening will also be used if they prove effective.
- (j) The Association will liaise closely with the Local Authority Housing Benefit Section when problems arise with the payment of housing benefit.

3. ARREARS CONTROL

- 3.1 The Association will ensure that the rent accounting system is accurate at all times and in the event of rent arrears arising, a firm but fair 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 fifteen 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 instalment 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 a member of 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. Should a tenant approach the Association giving a genuine reason for not being able to adhere to the Rent Agreement, it may be appropriate to agree to reduce their payments. 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.

4. **LEGAL ACTION**

4.1 Current Tenants

- 4.1.1 Where a tenant persistently fails to pay rent and/or has broken instalment 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.

4.1.2 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 both ordinary and Recorded Delivery Post to all members of the household over 16 years of age known to be living at the address. One copy will require to be signed by the tenant(s) and returned to the Housing Association.
- (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. Tenants will also be encouraged to come into the office to speak to a member of staff to ensure that all possible methods have been used to address the arrears, prior to an eviction taking place. 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, together with a joiner to secure the property. If furniture/personal items remain in the property, a full inventory will be prepared. 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. Repayment proposals may be considered at this stage, using professional judgment and discretion.
- (g) Legal costs, e.g. solicitor's fees, Sheriff Officer's costs, may be re-charged to the tenant.

- (h) Section 16 (5) of the Housing (Scotland) Act 2001 specifies that when the Association obtains a Decree for Recovery of Possession, it will:-
- (i) consider whether it wishes to enforce the Decree and, if it does, will take action to do so within a reasonable period;
 - (ii) ask the tenant to sign a new Scottish Secure Tenancy if it does enforce the Decree;
 - (iii) will consider granting a Short Scottish Secure Tenancy where a Decree has been obtained on grounds of anti-social behaviour;
 - (iv) will return to the Court for a further Decree in the event that it wishes to recover possession at a later date.

The Association will implement the most appropriate of these actions, dependent on the individual circumstances of each case.

4.2 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 instalment.
- (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 if this is likely to be successful.
- (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.

5. **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 (if necessary) and a quarterly performance report on current and former tenant arrears. A report on former tenant arrears to be written off will be issued quarterly, if required, and no less than once a year. 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.

6. **TARGETS**

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

7. **DATA PROTECTION**

- 7.1 The Association will ensure that when any action is being taken against a Tenant that it conforms to the principles laid down in the Data Protection Act.

8. **REVIEW**

- 8.1 This policy was approved by the Management Committee on 14 July 2008 and will be reviewed by the Management Committee or Sub-Committee set up for that purpose no later than July 2011.
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