



# GLEN HOUSING ASSOCIATION

## RENT ARREARS POLICY

### POLICY NO. 4

<b>Date of Review</b>	May 2023
<b>Date of Next Review</b>	May 2026
<b>Regulatory Standards of Governance and Financial Management</b>	RS 3:  <i>The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</i>  Guidance: 3.1 & 3.3

## 1. INTRODUCTION

Rental income is the most important source of revenue income for the Association. Maximising income and the effective control of arrears is crucial to the Association's financial wellbeing and its ability to deliver on a range of business plan commitments.

The Arrears Management Policy aims to ensure that the Association provides an effective housing operations service that complies with its landlord obligations in respect of arrears management.

The objectives of the Rent Arrears Policy are as follows:

- (i) To provide the best possible service to tenants, we will deliver a personalised, fair and sensitive service, focusing on the prevention of rent arrears, with early intervention, thus minimising evictions for non-payment of rent.
- (ii) To provide initial information to new tenants on the rent due, methods of payment, Housing Benefit and Universal Credit.
- (iii) That tenants who are in arrears are given all possible advice, including information on debt counselling and welfare benefits, either by the Association or by sign posting to other agencies
- (iii) That tenants are given the opportunity to make realistic repayment arrangements of arrears with sympathetic consideration being given to any special circumstances causing them financial difficulties.
- (iv) To ensure the Association remains a financially viable and sustainable organisation by maximising income and controlling arrears.
- (v) The Board of Management are adequately informed of the level of arrears so that they may be satisfied that the Policy is being adhered to and performance can be monitored.
- (vi) To ensure that actions taken by the Association are compliant with legislation and good practice.

## 2. Legal and Regulatory Requirements

- 2.1 The Association ensures that it manages its tenancies in accordance with the requirements of the Scottish Housing Regulator, and in accordance with relevant legislation. Therefore, the Association has considered the following (non-exhaustive) list of primary legislation in the development of its Policy:

- [Housing \(Scotland\) Act 2001](#); [Housing \(Scotland\) Act 2010](#); [Housing \(Scotland\) Act 2014](#)
- [The Scottish Social Housing Charter 2012](#); [The Scottish Social Housing Charter 2022](#)
- [Equality Act 2010](#)
- [Homelessness etc \(Scotland\) Act 2003, as amended](#)
- [Cost of Living \(Tenant Protection\) \(Scotland\) Act 2022](#)
- [Debt Arrangement and Attachment \(Scotland\) Act 2002](#)
- [Data Protection Act 2018](#)
- [Debtors \(Scotland\) Act 1987](#)
- [Welfare Reform Act \(2012\)](#)
- [The Scottish Secure Tenancies \(Proceedings for Possession\) \(Pre- Action Requirements\) Order 2012](#); [The Scottish Secure Tenancies \(Proceedings for Possession\) \(Form of Notice\) Amendment Regulations 2018](#)

## 2.2 **Linked Policies**

This policy is complemented by, and should be read in conjunction with Glen's other key policies and strategic documents, such as:

- Business Plan
- Tenancy Sustainment Policy
- Transfer Policy
- Mutual Exchange Policy
- Risk Management Strategy
- Financial Regulations
- Bad Debts Policy

## 2.3 **Compliance with Regulatory Standards**

The Scottish Social Housing Charter came into effect in April 2012 (revised 2022), and 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 Scottish Social Housing Charter, specifically :

### **Outcomes 1; 3; 7,8,9; 11; and 13:**

- 1 Equalities** - Every tenant and customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.
- 3 Participation** - Tenants and other customers are offered a range of opportunities that make it easy for them to participate in and influence their landlord's decisions at a level they feel comfortable with
- 7, 8, 9 Housing Options** – people at risk of losing their homes get advice and information on preventing homelessness.

**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.

**13 Value for money** – tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

### **3 RENT PERIOD**

The rent period is monthly, and the rent is due on the **first** day of each month in advance, payable by Bankers Order, Rent Book, Debit/Credit card, on-line banking or by cheque.

It is acceptable for tenants to make weekly payments to their rent, provided the rent is paid in accordance with the terms of the Tenancy Agreement, i.e. in full on 1<sup>st</sup> of month. Any exception to this must be formally agreed with the Association.

### **4 EARLY INTERVENTION/PREVENTION**

Glen Housing Association will work closely with all its tenants to ensure that they are fully aware of their responsibilities under their tenancy agreement, including the obligation to pay rent on the due date.

Measures to prevent rent arrears will be taken from the very start of the tenancy. We will provide our new tenants with information, advice and assistance when they sign up for their new home and again when we carry out the post allocation (new tenancy) home visits. This will include advice on how much their rent is, how often the rent is due, how and where they can pay their rent, how to apply for welfare benefits and who they should contact if they have any difficulties with their rent payment or benefit issues.

We will work closely with all Association tenants from the time that their rent account first goes into arrears, in an attempt to prevent the arrears from increasing. If any tenant is experiencing debt problems and this is impacting their ability to make regular payments, we will provide them -with money advice, and/or or refer them to other agencies for assistance with tenancy support, debt counselling, welfare benefits and specialist income maximisation etc.

We will explain clearly and concisely the action that we take against tenants to recover rent arrears, always stressing the serious implications that failing to pay rent may have on the tenancy.

### **5 PROCESSES FOR MANAGEMENT OF ARREARS**

Officers responsible for rent collection will follow the Association's Rent Arrears Procedures to ensure maximum collection of rent.

As previously mentioned, we will work closely with all tenants as soon as their account goes into arrears. This will include reminder letters, home visits and re-payment arrangements. Following the detailed procedure will ensure that the Association is taking the necessary steps to support tenancy sustainment and satisfy the Pre-Action Requirements prior to commencing legal proceedings through the courts.

Arrears recovery will be based on a staged process of escalation of actions, up to and including repossession for non-payment of rent. We will arrange and monitor repayment plans closely in accordance with our rent arrears procedure, to prevent arrears from increasing. The repayment plan will be formally agreed in writing with the tenant and witnessed by a Housing Officer. If the tenant fails to keep to the repayment plan, the Housing Officer will pursue the tenant for the missed payments, using one or more of the following methods: letters, telephone calls, home visits, text messages, voice messages, emails etc.

If appropriate, Wages Arrestment or Direct Payments from DWP/Universal Credit/Housing Benefit will be sought.

All debtors will be treated in the same manner, irrespective of whether they are in receipt of benefits.

As a last resort, we will take eviction action against tenants who persistently refuse to pay their rent when it is lawfully due. Every arrear case will have a full audit trail to support any legal action and provide information for monitoring purposes.

## **6. MONITORING ARREARS**

A major factor in deciding whether the Association's arrears control is successful will be dependent on how diligent we are in monitoring the agreements once they are made.

All tenant accounts will be monitored on at least a monthly basis. We will take all reasonable steps giving full consideration to the background of each individual case, good practice and legislation, before instructing legal action.

The Housing Manager will have monthly meetings with the Housing Management team to review the arrears level, individual cases and action taken. Officers will be responsible for ensuring that notes are updated with all actions, calls, and discussions with tenants.

Monthly monitoring reports are prepared for arrears control.

## **7. LEGAL ACTION**

Legal action is the last stage of the arrears process. Our intention is to initiate legal action for recovery of the property, only when all other reasonable steps to recover the rent arrears have failed. Full consideration will be given to the background of each individual case before taking legal action.

Our Solicitors will represent the Association in all arrears cases that require Court Action.

## **8. ARREARS REPORTING**

The level of arrears will be reported to the Board of Management every month. Through these reports, the Board will be advised of Officers' intentions to progress any legal action, including those that may result in eviction.

The arrears report will include the following information:

- The total level of arrears in the context of total rents receivable.
- Changes in the total level of arrears since previous report.
- Arrears levels in relation to Business Plan Targets / KPI's.
- Trends and patterns of arrears.
- The total level of ex-tenant arrears.
- Notice of Proceedings issued and Court Actions.

In addition, The Scottish Housing Regulator monitors all Registered Social Landlords' (RSLs) and Local Authorities' rent arrears performance via the Annual Return on the Charter (ARC).

The Association is required to gather evidence to demonstrate to the Regulator, tenants and other service users that it is meeting the outcomes, which includes the management of rent arrears.

The ARC Indicators that we report on include:

- Rent collected as a percentage of total rent due.
- Gross rent arrears (current tenant arrears, former tenant arrears and write off's).
- Evictions.

## **9. TRANSFER AND MUTUAL EXCHANGE APPLICATIONS**

Applications for transfers or mutual exchanges from tenants with arrears will not be approved unless there is an arrangement in place to clear their balance **and** they have been adhering to it for at least 3 months. Once on the transfer list, applications will be suspended should arrears build up and the tenant is unwilling to clear them.

## **10. SUB-LETTING AND ASSIGNING TENANCIES**

In certain circumstances applications can be made to sub-let a tenancy, (see Sub-Letting Policy). The Association will give consideration to any applications where arrears are outstanding provided an agreement to pay is in place **and** has been adhered to for 3 months. The principal tenant remains liable for payment of rent and arrears to the Association, following approval of the sub-let.

Applications can also be made by a tenant to assign their tenancy (see Assignment Policy). In the case of an Assignment, it must be made clear to the Assignee that they must assume responsibility for any arrear on the rent account.

## **11. FORMER TENANTS**

Former tenant arrears can occur in different circumstances, such as a tenant absconding or dying with a balance of arrears outstanding on their rent account.

Where a tenant leaves with arrears and does not give us any notice or forwarding address we will attempt to trace them via Sheriff Officers. If we are successful in making contact, an arrangement will be made and steps for pursuit of the arrear will be taken which could result in the appropriate Court Action.

In the event that we are unsuccessful, and that it appears the debt becomes unviable to pursue, a recommendation will be made to the Board of Management that the arrears are written off, as per Financial Regulations, paragraph 8.1(d) and Bad Debts Policy.

## **12. BAD DEBTS & SEQUESTRATION**

The Association has specific policies for dealing with bad debts and arrears cases where tenants have been sequestered.

## **13. COMPLAINTS**

As per our Complaints Handling Procedure, Glen Housing Association is committed to providing high-quality customer services. However, if anyone does wish to raise a complaint, this can be done so in person at any of our offices, by telephone, in writing, by email or using our complaints form on [www.glenhousing.co.uk](http://www.glenhousing.co.uk)

## **14. OUR COMMITMENT TO EQUALITY & DIVERSITY**

Glen Housing Association is committed to promoting fair and equal treatment for all and is opposed to any form of unlawful discrimination. We operate an Equality & Diversity Policy which informs all aspects of our business and ensures we adhere to the Equality Act 2010.

In line with our commitment and upon request, the Association can make this Policy available, free of charge, in a variety of alternative formats including large print, audio, Braille and community languages.

## **15. GENERAL DATA PROTECTION REGULATIONS**

The Association will treat all personal data in line with its obligations under the current data protection regulations and its own Privacy Policy. Information regarding how personal data will be used and the basis for processing it is provided in the Association's Fair Processing Notice.

## **16. POLICY REVIEW**

The Rent Arrears Policy will be reviewed on a three-yearly basis to ensure its aims are being met. The policy may be called for early review should the need be identified through monitoring reports.