



PORT OF LEITH
HOUSING ASSOCIATION

**SOCIAL HOUSING RENT COLLECTION AND
ARREARS + CREDITS MANAGEMENT POLICY**

FULL REVIEW TRACKING

Policy Owner	Director of Customer Services
Document Author(s)	Housing Manager
Communication & Training Methods	Discussion at a housing team meeting. Awareness raising session with the CA team and the tenancy support team. Otherwise, available on Connect for other staff.
Approved By	Leadership Team
Review Cycle	3 years
Next Review Date	June 2021
The Policy has a direct link to the following PoLHA policies and procedures	Tenancy sustainment; financial inclusion; allocations
This policy complies with the requirements of these legal and/or regulatory documents	Housing (Scotland) Acts 2001 and 2014.
Equality & Diversity Impact (EI) Assessment Status	This document was EDI Assessed by Joyce Cuthbert using the organisation's set procedure in March 2018 and is considered to be free of anything which may lead to any unfair discrimination in its application. EI Assessment records are held by the Chief Executive's Office and can be accessed on request to the Head of Corporate Services.

REVISION TRACKING

Revision Date	Part of doc revised	Reason for revision	Approved by

1. BACKGROUND/INTRODUCTION

- 1.1 Rental income is the main source of revenue for Port of Leith HA and it is therefore important that the Association adopts rigorous policies and procedures around the collection of rent. Good practice in this area can help avoid or reduce rent arrears. Rent collection and arrears management is given a high priority by the housing management team, with associated procedures that give guidance to staff throughout the process.
- 1.2 The aims of the policy are to ensure that:
- we have effective control mechanisms and a range of payment options in place to maximise rent collection and help minimise arrears
 - all tenants are treated fairly and are not unlawfully discriminated against
 - tenants are advised of ways to pay their rent and ways to access money management and benefit advice
 - we have a performance culture where the prevention and management of rent arrears is given a high priority
 - clear, easily understood guidance is given to tenants relating to the prevention and recovery of arrears and the options open to them, so that rent arrears are cleared and the threat of eviction avoided
 - we monitor rent arrears performance by means of regular reports, target setting and benchmarking against other associations
 - our rent arrears policy complies with legal and regulatory requirements and best practice

2. POLICY STATEMENT

- 2.1 The Association recognises that effective management of rent arrears is essential for maximising rental income, for preventing rent arrears building up and for helping ensure that tenancies are sustained. We are committed to ensuring that our arrears recovery process is carried out legally and fairly, taking into account the circumstances of each case and in a manner which does not violate tenants' rights. The Association firmly believes that prevention, early intervention and tenant contact are the key factors in controlling rent arrears and maximising rent collection.

3. RESPONSIBILITIES UNDER THE POLICY

- 3.1 The Board of Management is responsible for approving this policy.
- 3.2. The Housing Manager is responsible for ensuring that the policy reflects legislative, regulatory requirements and best practice.
- 3.3 The Housing Management Team is responsible for the day to day implementation of the policy.

4. POLICY FRAMEWORK

4.1 Rent collection

- 4.1.1 We offer a range of methods for tenants to pay their rent including Allpay; direct debit; standing order; by cash in the office in exceptional circumstances eg to clear arrears to avoid court action; online via our website and by debit/credit card in the office. We continue to explore any additional, alternative methods of payment and communication to facilitate rent collection, including text reminders.
- 4.1.2 We raise awareness of the variety of ways in which rent can be paid and provide information to tenants at sign up; in our leaflets; on our website; at the settling in visit; in any discussion about arrears; in our newsletter and in our tenants' handbook. We discuss with tenants the most appropriate method of payment for them.
- 4.1.3 We advise tenants at interview that we require a month's rent to be paid at the sign-up stage at the start of the tenancy, in accordance with the requirements of the tenancy agreement. We have flexibility to waive this requirement in exceptional cases, where it would compromise the ability to take on the tenancy.

4.2 Arrears Management

- 4.2.1 We have a focus on preventative measures for managing arrears. We give information to tenants which reinforces responsibility for payment of rent, the possible consequences of falling into arrears and the action we will take if in arrears. We encourage tenants to contact staff at an early stage if they begin to experience difficulties in meeting their rent payments and this is reinforced by information given to all tenants in the Tenant Handbook, in newsletters and at the settling in visit. We highlight the importance of informing the Association and relevant agencies (DWP, CEC) of changes that could affect their benefit entitlement.
- 4.2.2 We identify vulnerable potential new tenants at interview stage and provide pre-tenancy support to help with affordability consideration and benefit entitlement; we offer welfare benefits advice and a benefits check; budgeting advice; money management / debt advice; tenancy support; a wide choice of convenient payment options and help with opening a bank account. All new tenants have their rent payment obligation made clear at the commencement of tenancy and are offered an appointment with our tenancy support team or referred to other specialist advice agencies if they find themselves in difficulty at any stage.
- 4.2.3 We offer a settling in visit to new tenants four weeks after the start of the tenancy to ensure that they have moved in satisfactorily and to discuss any emerging problems, including rent arrears.
- 4.2.4 We check and monitor arrears balances and repayment arrangements on a monthly basis to identify cases where accounts have fallen into arrears and/or arrangements have been broken, allowing for prompt follow up action. We attempt to find out if there are any underlying causes for the arrears eg change in employment/benefits; relationship breakdown/death of a partner; vulnerability; habitual late or erratic payers and provide assistance and advice accordingly. A variety of options and methods for recovery of rent arrears will be used, including deduction from welfare benefits and, as a last resort, court action and eviction.

4.2.5 Our arrears letters:

- provide a clear and unambiguous message to the tenant
- show the current arrears balance
- emphasise the need for the tenant to establish early contact with the Association
- advise that tenants can seek assistance from specialist resources such as our own tenancy support team as well as local advice agencies
- make clear that help with housing costs may be available from CEC or DWP
- state the seriousness of failure to reduce/clear arrears
- clearly set out any arrangements made, as well as reminders of any that have been broken
- set out the options for methods of paying rent

4.2.6 As well as writing to tenants, housing staff will make every effort to make personal contact with tenants in arrears by phoning and carrying out visits to their home. We also use texts, as well as letters, to alert tenants of their rent balance when they fall into arrears. Staff discuss the reasons for the arrears and offer guidance and advice, ensure welfare benefit entitlements are maximised and agree on arrangements for repaying the debt outstanding.

4.2.7 Arrangements agreed for the repayment of arrears are set at a realistic level, having regard to the tenant's ability to pay, and is confirmed in writing. The minimum arrangement acceptable will be the ongoing monthly rent plus a payment towards the arrears. However, account will be taken of situations where tenants are facing exceptional and genuine difficulties due to, for example, non-payment of benefits because of error / failure to pay, illness, disability, divorce or bereavement. Staff emphasise to tenants that they must notify us of any change in circumstances immediately, so that revised arrangements can be agreed, and that, where they fail to contact the Housing Officer or fail to co-operate with repayments, we may take legal action.

4.3 Legal action

4.3.1 Eviction has high social and economic costs for both the tenant and the Association and is as a last resort where other approaches have failed. Where, despite the assistance offered by the Association, the tenant has failed to co-operate to resolve the problem, the case will then be passed to solicitors for court action and the tenant advised in writing of the reasons for this action. We ensure that our procedures comply with the Pre-Action Requirements, introduced by the Housing (Scotland) Act 2010, which social landlords must satisfy before serving a Notice for Recovery of Possession for rent arrears.

4.3.2 We maintain accurate records of household composition to identify all qualifying occupiers, ie any person over the age of 16 years residing in the property with a tenant. In accordance with the Housing (Scotland) Act 2001, these individuals must be included in any legal action for the repossession of the property and must therefore be served with separate Notices of Proceedings for repossession.

4.3.3 Close liaison will be maintained between the Housing Officer and the Association's solicitor to ensure that any payments or arrangements made are communicated and appropriate decisions made about whether to:

- request that the case be continued
- request that the case be sisted (carried forward for monitoring)
- request a decree be granted
- recall the sist and request a decree

4.3.4 In cases where a Sheriff awards a decree for eviction, the extract decree will normally be forwarded to the solicitor within two weeks of the court hearing. The Chief Executive and the Customer Services Director have delegated authority from the Board of Management to authorise evictions. We normally only cancel the eviction at this stage if the tenant clears the full debt outstanding including expenses awarded by the court, which the Association is entitled to recover from the tenant or, in exceptional circumstances, where a substantial payment is made towards the outstanding arrears.

4.4 Former tenant arrears

4.4.1 We try to ensure that a tenant's rent account is clear at the end of their tenancy but, where we have been unable to do this, we have clear, robust procedures in place for pursuing former tenant arrears and for writing them off in appropriate circumstances, namely where the amount is uneconomic to pursue (below £50; where the tenant has died; where the tenant cannot be traced by the Association or through a debt collection agency. The write-off of former tenant arrears is approved by the Leadership Team under their delegated authority, with requests for write off outwith that authority being approved by the Board of Management.

4.5 Former tenant credits

4.5.1 Staff make every attempt to contact former tenants to return any credit on the account that is due to them, where there are no recharges and no overpayment of housing benefit. Where this has not proved possible, we write off credits of less than £50 not sooner than six months after the end of the tenancy and write off credits of more than £50 not sooner than two years after the end of the tenancy.

4.5.2 Where the tenant is deceased and there are no claims from family for the credit within a period of six months after the end of the tenancy, this will be written off. The write-off of former tenant credits is approved by the Leadership Team under their delegated authority, with requests for write off outwith that authority being approved by the Board of Management.

4.6 Current tenant credits

4.6.1 Where there are no outstanding HB overpayments, rechargeable repairs or other charges eg legal fees / court costs, the housing officer can authorise a refund of a current tenant's credit over one month's rent. Rent payment is due on the first of the month and we ensure that we do not inadvertently put tenants in arrears and so will leave one month's rent credit in the account. Credits of over £1,500 are referred to the Housing Manager for authorisation.

4.7 Sharing Owners

- 4.7.1 Sharing owners are not tenants but pay an occupancy charge for exclusive occupancy of that part of the property they do not own. Where arrears arise, these are dealt with in the same manner as tenant arrears, up to the point where a Notice of Proceedings would be issued. At this stage, the case will be passed to the Association's solicitor, who will issue a Notice of Default/Notice of Potential Liability. We offer advice and assistance to the sharing owner to deal with the arrears and staff emphasise the importance of co-operation. In the event of the sharing owner refusing to co-operate, the Association's solicitors will be instructed to commence legal action to repossess the property. This will require to be arranged in liaison with the sharing owner's mortgage provider under the terms of the Co-operation Agreement between the bank/building society and the Association.

5. ASSOCIATED PROCEDURES

- 5.1 There are separate, detailed procedures for staff available on Connect.

6. POLICY & PROCEDURE EFFECTIVENESS ASSESSMENT CRITERIA

- 6.1 Performance is monitored by operational managers and directors on a monthly basis and reported to the Board of Management on a quarterly basis.