

ARREARS MANAGEMENT POLICY



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KINGSRIDGE CLEDDANS HOUSING ASSOCIATION

ARREARS MANAGEMENT POLICY

1. AIMS & OBJECTIVES

The aims and objectives of the arrears policy are to:

- Maximise the income of the Association.
- Minimise rent arrears.
- Prevent homelessness wherever possible by ensuring that eviction as a result of rent arrears is a last resort.
- Ensure that all tenants who have rent arrears are treated fairly and in an equal manner and that nobody is discriminated against on the grounds of age, disability, gender re-assignment, marriage of civil partnership, race, religion or belief, sex or sexual orientation.

2. MAXIMISING INCOME

Prevention is the key to maximising the income of the Association and is put into practice at the sign-up stage of a new tenancy.

2.1 New Tenancies

During the sign-up stage of a new tenancy rent obligations will be emphasised to the new tenant. Methods of rent payment and due dates will be explained, and it will be made clear that rents are due monthly on the 28th of each month.

If a new tenant requires to make an application for Housing Benefit from Glasgow City Council to pay all or part of the rent charge, the Housing Assistant will assist the new tenant with an online claim. By going to <https://glasgow.teamnetsol.com> the Housing Assistant can run a claim calculation as well as submitting a claim for housing benefit.

If the new tenant is currently in receipt of Universal Credit, but not yet in receipt of the housing element, the Housing Assistant will assist the new tenant to submit a claim for the increased benefit - <https://www.gov.uk/apply-universal-credit>

All new tenants will be advised that it remains their responsibility to provide any and all requested information to either agency (Glasgow City Council or Department for Work & Pensions (D.W.P.) until a decision and or award is made.

Housing Benefit award payments will normally be remitted to the Association direct, although the tenant can have the payment remitted to them if they desire.

Tenants in receipt of housing benefit are encouraged to sign a mandate authorising direct payment of housing benefit to the Association.

The housing element of Universal Credit (UC) will be paid directly to the tenant unless the tenant requests one of the Scottish Choices enabling the housing element payment to be paid direct to Kingsridge Cleddans Housing Association (KCHA). In addition, KCHA can request the housing element of UC be paid direct to KCHA by way of an Alternative Payment Arrangement (APA).

If, at the time of signing for the tenancy, the new tenant is deemed to be under-occupying the property they will be entitled to claim for Discretionary Housing Payment (DHP) to 'top-up' either the Housing Benefit or Universal Credit awards. Where a new tenant qualifies for and applies for Housing Benefit, payment of DHP should run concurrently when the award of Housing Benefit is made. Conversely any new tenant claiming the housing element of Universal Credit must submit a claim for DHP to Glasgow City Council, therefore the Housing Assistant will assist the claimant with the claim.

All tenants will be made aware at this early stage of the importance that the Association places on rent payments and that failure to pay rent as agreed puts the tenancy at risk and can result in legal action.

3. MINIMISING RENT ARREARS

Minimising rent arrears ensures that the Association can continue to offer quality services to tenants and reduces the risk of bad debts.

3.1 Prevention

3.1.1 Rent Payment Methods

We offer a variety of rent payment methods to tenants via the allpay.net ^(TM) system through which payment can be made at any:-

- Post Office,
- Pay Point facility; OR
- Online card payment at www.allpay.net using either a debit or credit card.
- Direct Debit can be made via the office.

Payments other than via allpay.net TM are:-

- Standing Order.
- Worldpay card machine payments can be made using either a debit or credit card in person at office or by phone.

3.1.2 New Tenant Visit

All new tenants will be visited within 6 weeks of the date of entry. This will give the opportunity to reinforce the Association's views on rent payments and discuss any difficulties that are being experienced. Where there are rent arrears, attempts to contact the tenant will have been made prior to the new tenant visit.

3.1.3 Housing Benefit

Tenants in receipt of housing benefit will be contacted immediately if the Association is notified of a change in their award of housing benefit. This is important to establish the tenant's circumstances and avoid arrears accruing.

3.1.4 Universal Credit

Any tenant in receipt of Universal Credit and therefore in receipt of the housing element will be advised to confirm the monthly date of receipt of UC and that full payment of rent due should be made on/at the date of receipt of UC. Any change in the tenant's financial circumstances should, as at 3.1.3 above, notify the Association.

As with new tenants at 2.1 above, a tenant can opt for Scottish Choices to have the payment either more frequently i.e. fortnightly or to have the housing element of UC paid direct to KCHA.

KCHA can also request an Alternative Payment Arrangement (APA), be put in place to have the housing element of UC paid direct to KCHA.

3.1.5 Liaison Arrangements

The Housing Officer will liaise with relevant agencies e.g. Glasgow City Council Financial Service and Department for Work & Pensions (DWP).

The Housing Officer will liaise with welfare benefits and debt counselling agencies and will assist tenants to access these services.

3.1.6 Information to Tenants

The Association will send 3 monthly rent statements to all tenants regardless of payment method.

3.1.7 INDEPENDENT ADVICE

The Association facilitates a free weekly independent advice and information service provided by Drumchapel Citizens Advice Bureau (CAB). The service provides information and advice in relation to income benefits, debt management and advocacy for tenants of the Association.

3.1.7 Publicity & Communication

Promotion of a positive payment culture can help prevent arrears arising. The Association will use newsletters and ad hoc letters to inform tenants of arrears performance and trends. Newsletters will also inform tenants of the negative impact arrears can have on reactive and planned maintenance service levels.

4. Control & Recovery

4.1 Response

The Housing Assistant/Housing Officer will respond within 5 working days of a missed payment. This will apply to arrangements to pay on a specified date or on a weekly/monthly basis.

The Housing Officer/ Housing Assistant will monitor all rent accounts weekly and will contact tenants in arrears. Personal knowledge will influence the method of contact. In some cases, a letter, telephone call, text message or email will be suitable, if, however the tenant is old, infirm or has a previous record of missed payments a home visit may be more appropriate. The need for early action is important to a prevention strategy.

The Housing Officer will, where possible, attempt to interview all tenants prior to a Notice of Proceedings being issued. The purpose of the interview is to establish the tenant's circumstances, assess the need for support/money advice and discuss payment arrangements. Tenants are at this stage offered the opportunity to complete an Income & Expenditure Form in order that a clear picture of their circumstances can be gained. If the tenant refuses to divulge the information required, this will be recorded, and it will be made clear to the tenant at this time that they are at risk of losing their tenancy.

Arrangements entered will be confirmed in writing. Letters will show the amount of arrears, the agreed repayment amount and frequency of payments and the consequences of missing payments. The tenant will also be made aware that broken arrangements will result in legal action. Legal action should commence after two broken arrangements.

4.2 Repayment Arrangements

Repayment arrangements will be set at a realistic sum and reflect the tenant's ability to pay. The minimum arrangement will generally be the rent charge (either weekly, fortnightly, four weekly or calendar monthly) plus a payment towards repaying the arrear. It will be stressed to the tenant that any change in circumstances must be notified as soon as possible so that the repayment arrangement can be reassessed considering the change.

4.3 Recording

All actions including correspondence to and from the tenant are recorded on the tenant's SDM electronic file within the Diary facility. The diary note will record the amount of arrears, the payment arrangement, if the arrangement is breached, the reason(s) will be stated, and further action noted.

5. LEGAL ACTION

The Association will try to prevent homelessness by ensuring that eviction as the result of rent arrears is a last resort. Other forms of action such as small debt action, voluntary

mandate, direct payments, and wage arrestment will be considered before a decision to seek decree for possession is made. However, where all attempts to encourage a tenant to pay fails we will seek and enforce any eviction decree.

The Management Committee will make decisions on whether to seek a decree upon receipt of a report from the Director.

6. DELEGATED RESPONSIBILITY

The Housing Assistant will assist the Housing Officer in the day to day management of cases up to and including court action. The Director will ensure that the appropriate action is taken. The Director will report to and seek approval and authorisation from the Management Committee prior to seeking a decree for eviction. Management Committee will make the decision on whether to seek decree, once approved the Director will instruct enforcement of any order/deGREE.

7. OTHER AGENCIES

In terms of the Homelessness etc (Scotland) Act 2003 Section 11, the Housing Officer will instruct the Association's solicitors to serve a Notice on the Local Authority advising of proposed action against a tenant to secure a decree at the time of raising an action at the Sheriff Court at Glasgow.

8. PERFORMANCE INDICATORS

We will put in place systems to measure:

- Rent arrears as a percentage of rent receivable (*also known as Gross Arrears*)
- The level of technical and non-technical arrears (*Housing benefit/UC expected*)
- Action taken on tenants with £500 arrears or more.

9. PERFORMANCE MONITORING

We will continually monitor performance against targets and take appropriate action if we are not meeting these targets.

10. CONTINUOUS IMPROVEMENT

We are committed to continually improving our performance in relation to rent arrears.

We will benchmark against other organisations' performance.

We will provide staff training that allows them to carry out their functions.

We will work in partnership with other organisations that can benefit our tenants for example Glasgow City Council Financial Services, Drumchapel Money Advice, Citizen's Advice Bureau, Glasgow Northwest Community Homelessness Service. Department for Work and Pensions (DWP).

11. CONFIDENTIALITY

In line with the General Data Protection Regulations (GDPR), reports to the Management Committee will be presented in such a way that no tenant can be identified thereby ensuring the tenant's confidentiality is maintained.

12. FORMER TENANT ARREARS

12.1 Prevention

Former tenant arrears are closely related to current tenant arrears levels. Therefore, the main way to prevent former tenant arrears from arising is to have in place effective policies and procedures to address current tenant's rent arrears.

12.2 Recovery

We will attempt to recover former tenant arrears by using a combination of the following:

- Advising the tenant in writing prior to the end of tenancy of any outstanding balance
- Writing to the tenant at their forwarding address after the tenancy has ended.
- In appropriate cases the Housing Officer will secure a payment decree from the court.
- Enlisting the services of Sheriff Officers or debt recovery agency to trace the tenant and pursue recovery where possible.
- Investigating the possibility of raising a small debt action or earnings arrestment.

13. Monitoring

The Management Committee will receive a report at the end of each financial year giving the level of former tenant arrears outstanding and the likelihood of recovery in each case.

14. Bad Debt Write Off's

The Management Committee will receive a report at the end of each financial year detailing all former tenant arrears that are deemed to be irrecoverable with the reasons why noted in each case. The Management Committee will be asked to approve the write offs with the proviso that should information come to light at a later stage regarding the whereabouts of a former tenant the debt will still be pursued.

15. Complaints Procedure

Any tenant who feels that they have not been fairly treated by staff in the handling of their rent arrears has recourse to the Association's Complaints Procedure

16. Policy Review

The arrears policy will be reviewed every 3 years or sooner if legislation or guidance changes in respect of this policy.