



Policy

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Rent Collection & Arrears Current and Former Tenants

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www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

1.0 Introduction

The Association's main source of income is rental income and it is essential that arrears of rent are kept to a minimum to ensure the Association's financial viability.

The arrears policy aims to minimise the loss of rental income by carrying out prompt and effective recovery action.

The policy and supporting procedures are also designed to maximise tenants benefit, assist tenants to budget effectively and to minimise the risk of serious debt.

2.0 Our Objectives

The Association will:

- adopt a rigorous and proactive approach to arrears control based on principles of early action and advice to tenants
- maintain a system that is both effective and efficient
- recover arrears as far as possible with the co-operation of the tenant
- ensure that tenants maximise their welfare benefit entitlement and assist with budgeting where applicable
- operate a sympathetic but firm arrears procedure which will maximise the Association's rental income

3.0 Our Policy Goals are to:-

- prevent arrears arising
- maintain an arrears control system
- respond promptly to missed payments
- establish early personal contact if arrears persist
- recover arrears

4.0 Our Policy Methods are to:-

- reach realistic and affordable arrangements with tenants to pay arrears
- monitor payment arrangements
- instigate legal proceedings for recovery of arrears when voluntary arrangements have failed
- instigate legal proceedings for recovery of arrears and possession when no other method of recovery is available
- ensure appropriate Welfare Benefits Advice is provided at all times

5.0 **The Prevention of Rent Arrears**

Effective prevention of rent arrears begins at the point of initial let. New tenants will be made aware of the following:

- Their legal responsibility to pay rental in advance each week
- The effect of non-payment
- Various Welfare Benefits especially Housing Benefit/Universal Credit
- Our Financial Inclusion service
- Procedure for recovering rent arrears

New tenants are required to pay one week's rent in full at time of sign up. The Association recognises that there may be exceptional circumstances which would put someone in to significant financial hardship or prevent them from securing a home therefore any deviation from this is at the Housing Officers or Housing Services Managers Discretion.

Staff will meet new tenants to explain methods of rent payment and select the best option to suit the particular individual. Rent accounts will be regularly monitored and tenants encouraged to contact the Association immediately if they experience difficulty in paying their rent.

Association staff will ensure that tenants obtain advice on welfare benefits and assistance in the completion of Housing Benefit/Universal Credit application forms where required. Help and advice on debt counselling will be provided either in-house or from the Local Authority and liaison with outside agencies such as Citizens Advice Bureau and Step Change will also be encouraged.

The Association will also ensure that tenants are kept informed of any major changes in Housing Benefit or Universal Credit rules and Welfare Reform e.g. through newsletter, webpage, mailshots, social media, face to face discussions etc.

6.0 **The Control of Rent Arrears**

Rent accounts will be monitored on a weekly basis to identify arrears at an early stage and prompt action will be taken to contact tenants. This will enable staff to establish, from the beginning, if a tenant is having difficulty paying their rent.

The rent is due on the Monday of each week and rental payments should be received on or before that date. Should a tenant pay monthly then payments are monthly in advance.

Arrears will be pursued by a combination of letters, telephone calls, texts, emails, home visits, office meetings and debt advice with tenants. The Association will seek in discussion with the Local Authority/DWP and our own Financial Inclusion Team clarification that the tenant is claiming

maximum benefit or if they would be entitled to any other benefit. If other methods of rent payment are available to the tenant which would avoid or reduce arrears then this will be considered.

All interviews/contact with tenants, whether conducted in the tenants home or in the office will be recorded on the Housing Management System. If contact with the tenant is proving difficult, and the tenant fails to respond to written correspondence, arrangements will be made to carry out a home visit out with normal office hours.

When taking further action against a tenant in arrears the Association will make all attempts to get a full profile including a financial analysis of the tenant's circumstances and the reason for the arrears.

Where a tenant is unable to repay the arrears in full a reasonable and affordable repayment arrangement will be agreed with the tenant. The minimum payment arrangement will usually be the rent charge plus an agreed affordable amount with the aim of reducing the arrears.

The consequences of not adhering to the repayment arrangement will be stressed to the tenant and the tenant will be made aware that broken arrangements will result in legal proceedings. The Association will not continually threaten legal action or act in an oppressive manner but attempt to ensure voluntary co-operation wherever possible.

Court action will be instructed when all other arrears control methods have failed and consideration will always be given to recovering the debt without gaining possession.

7.0 Welfare Benefits and Financial Advice

Maximising benefit entitlement and debt counselling are considered vital in assisting tenants to maintain rent payments. The Associations in-house Financial Inclusion services provide support to all potential and existing tenants, working closely with Housing Officers and Customer Accounts Officers to increase the tenants ability to pay.

The Association works closely with local authority Housing Benefit Departments/DWP to ensure that claims for tenants are processed efficiently and accurately.

Financial Inclusion Officers provide support to maximise income for tenants through Personal Independent Payments benefits, Housing & Council Tax Benefits, Discretionary Housing Payments and Universal Credit.

Financial Inclusion Officers will provide money and debt advice giving tenants support to reach realistic and manageable repayment arrangements with Customer Accounts Officers in the arrears recovery process. This may involve third party organisations eg. Insolvency practitioners.

Where appropriate a member of staff, usually either the Housing Officer or Customer Accounts Officer will make a referral to the Financial Inclusion team especially where more specialist advice in relation to Welfare Reform is required.

8.0 **Legal Action**

The Housing (Scotland) Act 2001 requires a landlord to serve upon a tenant and any member of the tenant's household aged 16 years or over a Notice of their Intention to raise proceedings in the Sheriff Court to obtain a Court Order for repossession of his/her home. It must set out the grounds on which the landlord is seeking repossession and give particulars of the way in which the landlord believes that the grounds for repossession apply. All pre action requirements must have been completed before service of said notice.

Instigation of court proceedings will be at the discretion of the Senior Customer Accounts Officer and Housing Services Manager. Where a court order for repossession has been obtained (Decree granted) and it is considered that eviction may be necessary the case will be referred to the Housing Services Manager for approval. Should an eviction take place a report will also be given to the Operations Director to inform the Leadership Team, and the Trustees.

Where the Court has granted a Decree, the Association have the discretion of up to 24 weeks (maximum) to further engage with the tenant prior to upholding the Decree and in accordance with our procedures.

The Association may consider making an application to the Courts for an arrestment of the tenant's wages. The application will normally also include a claim for expenses.

9.0 Housing Benefit/Universal Credit

Association staff will receive appropriate training to ensure they are up to date with benefit legislation and our tenants receive relevant advice and information on the benefits available to them. Staff will liaise internally with the Financial Inclusion Team and externally, where appropriate with the Local Authority/DWP in relation to any benefit questions.

Where the tenant is on the relevant benefit and at least eight weeks (Housing Benefit) or 2 months (Universal Credit) in arrears of rent, the Association can apply to have payments deducted directly from the tenant's benefits and paid directly to the Association.

10.0 Legislative Development

The Association will take account of any alterations and amendments which govern the legislative framework within Housing.

11.0 Information Technology

The Association operates a fully computerised rent account and arrears monitoring information system and will continue to develop the system to track arrears at an early stage and identify patterns and trends of arrears levels.

12.0 Non Discriminatory Practice

The Association aims to promote and adhere to the principle of giving equal value to each individual's needs and responsibilities

13.0 Former Tenant Arrears

Former tenant arrears remain a debt and will be pursued however, if all efforts have failed, they will be written off by the Senior Customer Accounts Officer and formally approved by the Trustees at the end of each quarter.

14.0 Improvements to Properties & Granting Permissions

Tenants who are in arrears and not adhering to any repayment agreement may not be eligible for any improvements to their property or works maybe delayed until the end of a programme. Before any final decision is made relevant staff will visit the tenant to discuss the situation with the aim of agreeing a repayment schedule for the debt. If there is any health and safety issue then the identified works will be completed. These cases are

evaluated on an individual basis and the Association will always complete improvement works where they are required to in order to meet current legislation.

Tenants requesting permission to make alterations or improvements, for example erecting a new fence, shed, installing new doors etc, can be refused if the tenant is in arrears. Each application will be assessed on a case by case basis but in all cases, where there is no existing arrangement, permission will be refused.

15.0 Reporting

Full arrears monitoring and reporting takes place each month at BEST and also with the Senior Customer Accounts Officer, Housing Services Manager and Operations Director.

Written reports on arrears statistics will be provided to the Association's Trustees on a quarterly basis and supplemented at other such times to Leadership Team as appropriate.

16.0 Procedure

A full procedure is available to supplement this policy and is available on the Association's intranet facility.

17.0 Review

The Association's Trustees will assess and review the policy at least every two years or in line with any legislative changes and requirements.