



# Rent Collection & Arrears (Current and Former)

**Status: Approved**

<b>Policy Lead :</b>	Executive Director – Customer Experience
<b>Owned By :</b>	Neighbourhood Services Lead
<b>Date Approved:</b>	9 May 2023
<b>Approved By :</b>	BHA Board
<b>Review Date:</b>	May 2026
<b>Regulatory / Legislative Considerations/ References</b>	The policy refers to and fulfills key legislative duties contained within: <ul style="list-style-type: none"><li>• Scottish Housing Charter</li></ul>
<b>Other Documents to be read in conjunction with this policy:</b>	This document should be read in conjunction with: <ul style="list-style-type: none"><li>• BHA’s vision and values</li><li>• BHA’s complaints policy</li><li>• Reactive Repairs Policy</li><li>• Annual Home Visits Policy (tbc)</li><li>• Domestic Abuse Policies</li><li>• <u>Scottish Social Housing Charter</u></li><li>• <u>SHR Regulatory Framework</u></li><li>• <u>Housing (Scotland) Act 2010</u></li><li>• <u>UK General Data Protection Regulation</u></li></ul>

<p><b>Policy Title:</b></p>	<p><b>Rent Collection and Arrears Policy</b></p>
<p><b>Purpose / Aim of policy:</b></p>	<p>To ensure BHA teams have clear guidance as to how we will collect income, manage arrears and recover any debt due. It also makes clear the support we will provide around income maximisation, and the role of our teams in supporting our customers.</p> <p>BHA teams work to a principle of supporting customers from the earliest opportunity, thereby promoting a culture of positive payment throughout the duration of the contractual agreement.</p>
<p><b>Principles of Policy:</b></p>	<p>This policy applies the following principles:</p> <ul style="list-style-type: none"> <li>• BHA complies with legislation and follows good practice principles in managing income and any associated debts.</li> <li>• We provide services to our customers that are in line with the Social Housing Charter and our supporting strategies.</li> <li>• We expect our customers to pay for the services they receive on or before the due date. Our customers will be made aware of the consequences of not complying with their responsibilities and obligations to pay the charges due.</li> <li>• Our teams will provide advice, information and support and where it is in the best interests of the customer, and where appropriate, refer people to other agencies that can provide additional support.</li> <li>• When we introduce new payment methods we will accompany it with a communications strategy to promote and embed use. This will support a positive customer payment culture. Where appropriate we will work with partners to establish and help support this, particularly where vulnerable customers are involved.</li> <li>• We will work collaboratively with the Tenancy Sustainability Team and the Litigation colleagues to effectively manage the collection of debt (external partners – DWP, SBC, other)</li> <li>• Every debt type will have a clear business owner with defined accountability and management and reporting responsibility (rents, repairs, lock-ups / garage site and any other associated debts)</li> <li>• We will make sure our customers are treated with respect and dignity at all times</li> </ul>

<b>Definitions:</b>	
<b>Specific detail related to each strand in the scope:</b>	<ul style="list-style-type: none"> <li>• Aims and Objectives</li> <li>• Prevention of arrears</li> <li>• Management of arrears</li> <li>• Proactive arrangements</li> <li>• Vulnerable customers</li> <li>• Indicators and Triggers</li> <li>• Welfare and Financial Advice</li> <li>• Escalation</li> <li>• Former Arrears</li> <li>• Reporting and Monitoring</li> </ul>
<b>Approval Source:</b>	BHA Board
<b>Equality Impact Assessment:</b>	<p>Vulnerable adults and young persons with any of the following protected characteristics:</p> <ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Being pregnant or on maternity leave</li> <li>• Disability</li> <li>• Race including colour, nationality, ethnic or national origin</li> <li>• Religion or belief</li> <li>• Sexual orientation</li> </ul> <p>BHA is committed to providing fairness and equality of opportunity in order to prevent discrimination in both the workplace and wider society. The Rent Collection &amp; Arrears (Current and Former Tenants) Policy will be applied in line with our Equality and Diversity Policy to ensure that no person is discriminated on the grounds outlined in the Equality Act 2010.</p> <p>BHA will ensure our approach to safeguarding vulnerable adults takes into account the individual needs of our tenants and their households. Where required, appropriate arrangements will be made for communicating with our customers.</p>
<b>Glossary of Terms</b>	Nomination –

<b>Risk Implications:</b>	BHA
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## **POLICY AIMS AND OBJECTIVES**

### Aim:

To ensure BHA teams have clear guidance as to how we will collect income, manage arrears and recover any debt due. It also makes clear the support we will provide around income maximisation, and the role of our teams in supporting our customers.

BHA teams work to a principle of supporting customers from the earliest opportunity, thereby promoting a culture of positive payment throughout the duration of the contractual agreement.

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

The policy and supporting procedures are also designed to maximise customer's access to eligible benefit, where appropriate to do so, assisting customer's to budget effectively and to minimise the risk of accrued debt.

### Objectives:

- 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

## **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.

## **MANAGEMENT OF 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 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.

## **PROACTIVE ARRANGEMENTS**

We will identify all known vulnerabilities or potential vulnerabilities for consideration at the registration and application stage of our customers relationship to BHA. All known vulnerabilities or potential vulnerabilities should be considered at Allocations and recorded on CRM as at or before sign up.

## **VULNERABLE CUSTOMERS**

All customer-facing staff (e.g. in Customer Experience, Assets, Repairs, Tenancy Sustainability, BeFriend, Estates and Management, should act on concerns where an individual or family may be vulnerable and at more risk of harm. It is the responsibility of every employee to report any vulnerability or concerns relating to abuse they identify during their work and ensure follow up action is taken. Duty of Care and vulnerability concerns cannot be closed without the approval of the appropriate Lead or direct report, ensuring all concerns are properly followed up.

## **INDICATORS AND TRIGGERS**

Importantly, customers who BHA become aware are experiencing a significant change in circumstances should be at least viewed as potentially becoming vulnerable and at risk of harm. Indicators might include:

- Significant Life changing events (illness, bereavement, loss, unemployment, relationship breakdown, trauma, domestic abuse)
- Loss of all contact and withdrawal from previously established contact with BHA teams
- Unexplained non-payment of rent and accumulation of arrears as a change in usual payment behaviour
- Refusal of access to home, including annual gas safety and other checks
- Known contact with statutory or other support services
- Known to have disconnected from energy supply
- No physical or verbal contact with BHA over an extended period

## **WELFARE 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.

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.

## **ESCALATION**

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.

## **FORMER 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.

## **REPORTING AND MONITORING**

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.

A full procedure is available to supplement this policy and is available on the Association's intranet facility. The Association's Trustees will assess and review the policy at least every two years or in line with any legislative changes and requirements.