

# CURRENT RENT ARREARS POLICY

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## 1. **INTRODUCTION**

The Association relies on rental income to fund the day to day running of the organisation. Therefore, it is vital that we have clear and concise policies and procedures to prevent or reduce the impact of rent arrears levels on the Association's ability to deliver on key issues.

The Association does recognise that as a community based social landlord that, when pursuing debts, we must be aware of the factors that may have led to our tenants not paying their rent.

The Current Rent Arrears Policy will balance the sensitive needs of our tenants, with the requirement to deliver a quality service, and will be based on an ethos of understanding the cause of the problem, taking into account the tenants' individual circumstances and providing counselling and Welfare advice.

The policy will be supported by written detailed procedures to guide staff and the Management Committee through the arrears recovery process. The procedures will include reasonable timescales and will provide clear levels of responsibility at each stage of the process.

## 2. **LEGISLATIVE AND REGULATORY REQUIREMENTS**

The following legislation, references and sources are relevant to the development and delivery of this policy and any associated procedures:

- The Housing (Scotland) Act 2001
- The Data Protection Act 2018
- The Homelessness etc (Scotland) Act 2003
- The Bankruptcy and Diligence Etc (Scotland) Act 2007
- The Housing (Scotland) Act 2010
- Scottish Government Guidance on Pre-Action Requirements and Seeking Repossession of Social Housing
- Scottish Housing Regulator study How Social Landlords consult tenants about rent increases

## 3. **ARREARS PREVENTION**

In line with current best practice, it is important to prevent tenants falling into arrears, rather than pursuing large debts. To achieve this aim we will provide our tenants with an 'open door approach', which will mean providing support, information, assistance and publicity on all aspects of Universal Credit (UC), Housing Benefit (HB) and Rent payment.

### 3.1 **New Tenants**

All prospective new tenants will receive an interview prior to signing their tenancy agreement, which will include clear advice on how to apply for HB, UC and consequently the level of rent they are due to pay.

### 3.2 **Rent Payments**

The rent is due monthly in advance, on the 1st of the month. Tenants may make as many rent payments as they wish during the month. A range of payment methods are in place to assist tenants to pay their rent.

### 3.3 **Benefit Advice, Debt Counselling, Income Maximisation and Liaison**

Our records demonstrate that the greatest number of arrears cases occur when tenants undergo a change in their personal circumstances and this often affects any benefit they receive to assist with rent payments such as Housing Benefit or Universal Credit.

Our preventative strategy includes the provision of benefit advice, debt counselling, information on income maximisation and liaison with other agencies. Any tenant who falls into arrears will be offered a welfare interview to help support them to maintain their tenancy.

### 3.4 **Housing Benefit/Universal Credit**

HB/UC plays a crucial role in the prevention of rent arrears occurring. As the system has become increasingly complex to administer via Glasgow City Council and Department for Work and Pensions, communication links with both agencies is vital. The Association has a range of procedures in place to assist tenants to receive the required support.

The Association will assist tenants in completing both Universal Credit application forms and a change of circumstances form for Housing Benefit when required.

The Association will work with tenants to manage their UC journal which will include completing a consent to share form so the Association can hold log in details to the tenants UC journal. The Association will also provide access to a computer if a tenant needs to check their UC journal or complete job searches.

### 3.5 **Annual Review/Major Changes**

MHA will publicise any new regulations or changes that may affect our tenants (e.g. mail shots, newsletters etc). MHA will assist tenants to submit any required changes to Revenue and Benefits or the Department of Work and Pensions when required.

## 4. **ARREARS IDENTIFICATION**

It is essential that MHA recognise any potential arrears cases as soon as possible. Staff have access to the Glasgow City Council portal which identifies all cases where HB is no longer being awarded. This allows us to contact our tenant as early as possible and advise them of the decision and make arrangements for them to pay their rent.

## 5. **ARREARS PROCEDURE**

The Association's first objective is to encourage tenants to maintain clear rent accounts and to repay arrears as soon as possible, without causing undue hardship. However, we must recognise that in many cases rent arrears can be a symptom of multiple debt problems; therefore we must have a formalised procedure to manage the repayment of arrears. All contact with tenants will be recorded via our IT system, and decisions will be confirmed in writing to the tenant.

Early identification of arrears is essential; the following procedures will underpin the arrears recovery process:

- All rent payments will be credited to accounts on the day of receipt
- Rent accounts will be monitored weekly/monthly to identify trends
- Any broken repayment arrangements will result in contact being made with tenant (contact to be face to face wherever possible, to reinforce payment culture) further action will be determined by frequency of missed payments and level of arrears.
- Any tenant who has yet to make a payment during the month will receive a courtesy call from a staff member towards the end of the month to remind that payment is due

#### 5.1 **Face to Face Contact**

Direct contact with tenants is often the most effective way of resolving a situation and reaching a realistic repayment arrangement. Direct contact will be sought with all tenants. This is especially important if the tenant is elderly or vulnerable.

#### 5.2 **Frequent contact with tenants**

Staff will endeavour to obtain mobile numbers, landline, text, email contact details etc and update the I.T system.

#### 5.3 **Clear and accurate record keeping**

It is essential that clear and accurate records are kept of all actions taken to recover arrears. It is therefore the responsibility of all staff to ensure all records are up to date and accurately filed and that all actions are recorded on the IT system.

#### 5.4 **New Arrears**

At the end of each month, the Housing Officer will identify any new arrears cases.

When a new arrear occurs the officer will contact the relevant tenant to ascertain the cause, there are many reasons that may produce a new arrear (e.g. a tenant has not made any payment or have paid late or their HB/UC has been cancelled). In the first instance the Housing Officer will determine the cause of the arrear. If it is possible a suitable repayment arrangement will be made. All arrangement will be based on the tenants' realistic ability to pay. When discussing arrears, staff will endeavour to establish a picture of income and expenditure and will arrange an appointment with our Income Maximisation officer to provide welfare advice. In all cases the repayment will be set in conjunction with the tenant to ensure no undue hardship.

If the arrear has been caused by circumstances outwith the control of the tenant, (such as an error by HB or DWP) the Association via the Income maximisation officer will help assist the tenant in resolving the issue and consequently minimise any possible arrears.

## 5.5 **Long Term Arrears**

Long Term Arrears are tenants rent accounts whose outstanding balance ranges are in arrears up to three month's full rent charge.

These cases will be monitored in a similar manner to new arrears cases. After the end of month, staff will monitor all long-term arrears cases to ensure they are maintaining repayment arrangements. If the arrangement is being maintained and the balance is decreasing no further action will be taken.

However, if payments have been missed the tenant will be contacted and requested to call into the office to discuss the matter. During this interview the tenant will be informed of their monthly rent and the balance outstanding, additionally we will enquire why they have been unable to maintain an arrangement previously agreed by both parties.

When this has been established, staff will use their discretion regarding a tenant's inability or unwillingness to pay their rent. The decision will be based on their previous arrears history and present circumstances. This will determine any follow up action, which may include:

1. Warning as to their future conduct and request that they make up the missed payment.
2. The issue of a Notice of Proceedings for Recovery of Possession. (NOP).
3. Case being escalated which could result in court action against the tenancy.

## 5.6 **High Arrears**

Any tenant over three full months rent in arrears will be classified as a High Arrears Case. Due to the seriousness of these cases they will be administered by the Housing Services Officer.

These cases will be treated similarly to Long Term Arrears. If the outstanding balance is decreasing each month no action will be taken. However, when arrears have reached this level and the tenant is unwilling to maintain a repayment arrangement the Association will inevitably have to take a harder line, which is likely to take the form of Court Action.

## 6. **LEGAL ACTION**

The decision to take Legal Action for recovery of possession due for non-payment of rent is not taken lightly and is a costly action for the association, and is considered as a last resort.

However, we do recognise, where a tenant has demonstrated an unwillingness to pay their rent, the Association has an obligation to use all its powers to recover the debt.

Delegated authority is given to the Housing Services

Officer. This decision will only be taken after the Housing Services Officer has verified that the tenant has been given every opportunity to repay the arrears and has shown a total disregard for their responsibilities.

Once the decision to take court action has been taken, the Housing Services Officer must ensure the correct procedure is followed.

New legislation allows non-tenants to be heard in court at a recovery action. The act gives all non-tenants over the age of 16 years old (qualifying occupiers) living in the household the right to receive notice of court proceedings. We must ensure our records are kept up to date as is practical.

With the emphasis now on reasonableness it is crucial that our representatives in court (solicitor) are properly briefed with the most up to date information regarding the level of arrears, repayment proposal and the tenant's general circumstances. These are all issues that will be considered by the sheriff.

At all times during the court action we will consider continuing or sisting the action if the tenant is able to clear or make a substantial payment towards the arrears and help sustain their tenancy.

In the case of an eviction, the Association's Solicitor will contact the Social Services and the local Homeless Casework Team of Glasgow City Council.

7. **PERFORMANCE MONITORING**

Details of the current rent arrears are anonymised and will be provided as part of the total rent arrears report to the Services Committee on a monthly basis. This information will be monitored to ascertain any trends or patterns and the Service Committee will be informed of results of any internal/external audit and benchmarking exercises.

8. **CONFIDENTIALITY**

All matters relating to arrears will be kept in the strictest confidence by Committee Members and Staff. Any apparent breach will be dealt with in accordance with the Code of Conduct.

9. **LIAISON WITH OTHER AGENCIES**

MHA will endeavour to foster a good working relationship with other agencies (e.g. Glasgow City Council, DWP, Social Work etc) to provide tenants with the required support.

10. **TRAINING**

Both Staff and Committee Members will receive the required training to cope with the demands of dealing with multiple debts and rent arrears. The role of the Income Maximisation Officer will be to ensure that the association is up to date and aware of any new changes in regulation or Welfare issues.

11. **POLICY REVIEW**

The Current Rent Arrears Policy will be reviewed on an annual basis by the Services Committee or as otherwise deemed necessary.

12. **DATA PROTECTION**

MHA controls the personal information that we collect, this means that we are legally responsible for how we collect, hold and use personal information. It also means that we are required to comply with the General Data Protection Regulations (GDPR) when collecting, holding and using personal information.