

Rent Arrears Policy

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Board of Management



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Rent Arrears Policy

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1 Introduction

This policy links to other internal housing management policies and strategies with particular focus on promoting tenancy sustainment and preventing homelessness. It outlines how Bield will manage both current and former tenant arrears throughout all of our social rented stock and the action we will take. Bield's rent arrears policy will focus on preventative methods of control, using eviction only as a last resort and takes account of the impact of welfare reform as it affects our tenants.

The key components of this policy are:

- Aims and objectives
- Service Standards
- Preventative action
- Recovery action
- Performance monitoring and reporting

Detailed operational procedures will be developed to accompany this policy which will set out individual staff responsibilities and timescales.

2 Aims and Objectives

2.1 The principle objective of the rent arrears policy is to maximise rental income for Bield by minimising the level of rent arrears and number of tenants in rent arrears, whilst being sympathetic and sensitive to individual tenant's circumstances.

2.2 To achieve this Bield will take a pro-active approach that seeks to maximise tenant's income by assisting tenants to claim their benefit entitlement where applicable, and secure regular payments. Emphasis is placed on effective management and personal contact with tenant while arrears are relatively low to prevent arrears escalating.

2.3 The specific aims of the policy are to :

- Ensure that Bield adheres to current legislation and good practice to ensure we adopt a firm but fair approach to rent recovery
- Have early intervention mechanisms in place which help prevent arrears initially occurring and where they do, we act promptly to prevent debt escalation
- Offer early support and assistance to tenants on claiming housing benefit entitlement and other possible welfare benefits to maximise tenants income
- Take appropriate and proportionate action to recover rent arrears by offering advice and assistance, and flexible repayment options to assist tenant to reduce the debt
- Offer tenancy sustainment services to those needing more support or assistance
- Work with other agencies to support those in arrears who may be at risk of losing their tenancy
- Ensure that former tenants arrears are dealt with promptly and where recovery of debt is irrecoverable, to take action to write the debt off

- Ensure all staff are appropriately trained to enable them to carry out their roles effectively

3 Service Standards

Bield will ensure:

- A wide range of payment methods for rent are made available to tenants
- At application, home assessment and tenancy sign up stage we provide information about rent and any other charges relating to the tenancy, including the requirement to make regular payments,
- At sign up stage we will assist tenants where appropriate to complete housing benefit forms and give advice on other related benefit issues
- We monitor rent accounts and provide prompt notification to tenants falling into arrears
- We contact tenants or their Power Of Attorney or Financial Guardians in person and offer appropriate advice and support to get their rent account back on track
- All repayment arrangements made are realistic and affordable
- We will act in accordance with all current legislation and regulatory requirements including the pre action requirements and the Scottish Social Housing Charter

4 Preventative Action

- 4.1 Bield will ensure that prospective tenants are made fully aware of all potential costs associated with the tenancy (rent, service charge, energy charge, board charge etc.) including the rent due date at the point of application. Specific Development costs are contained in the individual development profiles and are updated annually
- 4.2 Specific charges will be discussed with the prospective tenant at the home assessment and a financial assessment will be carried out to ensure they have the ability to meet these charges (either through entitlement to benefit or self-funding) prior to an offer of housing being made
- 4.3 Prospective tenants who appear to need additional financial support or welfare assistance to move into a Bield tenancy may be referred to the tenancy sustainment team
- 4.4 The formal offer of a tenancy will include detail of the rent charges, a housing benefit information and offer of benefit advice/ assistance to complete HB forms
- 4.5 Rent, service charges and all other tenancy related costs will be discussed with the new tenants at the tenancy sign up interview and their responsibilities in paying charges in full and in time highlighted
- 4.6 Existing tenants will be offered appropriate advice and assistance and/or signposting, to apply for housing benefit and other welfare benefits at any point in their tenancy should their circumstances change

- 4.7 The Housing Officer will check the rent account prior to carrying out the new tenancy visit to ensure that the account is up to date and if not discuss in detail with the tenant at the visit appropriate action to bring the account back up to date
- 4.8 Information and advice will be made available to any tenant experiencing financial difficulty or who are concerned about meeting their future rent payments
- 4.9 All prospective and current tenants in receipt of Universal Credit (which only applies to people of working age) will be offered advice and support relating to their personal circumstances at each key stage before and during their tenancy. This includes providing advice and support with regard to under-occupancy charges where this is deemed to apply. Where possible, alternative housing solutions to small properties will be explored across Bield's housing or in partnership with other housing providers

5 Current Tenant Arrears

- 5.1 Rent arrears recovery will be based on a stage escalation process up to and including repossession. These steps include the following:
- Housing staff will monitor rent accounts on a monthly basis taking appropriate action where rent accounts are not up to date
 - Every effort will be made to establish early contact with the tenant by phone, letter, email, home visit, or office interview to discuss the cause of the arrear and agree a potential solution
 - Where appropriate welfare benefit and income maximisation advice will be offered which include assistance to liaise with statutory agencies
 - Where the tenant is not in a position to clear the debt immediately an arrangement to repay the amount due will be made
 - All arrangements will be subject to an assessment of the tenants financial circumstances which will assess their ability to pay a reasonable and affordable amount on a regular basis
 - All arrangements will be monitored as appropriate based on the agreed payment cycle to ensure that they are being adhered to
 - No further action will be taken against the tenant if they keep to their agreement
 - Tenants who break their agreement will be contacted immediately to ensure the missing payment/s are made up and that the agreement is back on track
 - Tenants who do not respond to contact from Bield and who remain in arrears will be subject to legal action, with repossession of the tenancy a last resort where all reasonable action has been exhausted

- Tenants who are vulnerable through age, financial hardship, health, etc and who require additional support may be referred to the tenancy sustainment team or other specialist services for personalised assistance
- Where arrears are the result of a reduction in benefit due to under occupancy charges, Bield will support tenants in the choices they have. Formal legal action may be withheld if a tenant is unable to meet the additional charges but is actively seeking alternative housing solutions. However where this action is not pursued by the tenant and no attempt is made to seek support to manage their debt, legal action will be undertaken

5.2 The formal stages involved in this rent arrears recovery process are:

- Initial reminder letter
- 2nd reminder letter
- Further reminder letters as appropriate
- Home visit/s
- Arrangement monitoring
- Issue final letter advising of intention to raise notice of proceedings
- Completing the pre action requirements
- Serving a notice of proceedings
- Raising court action
- Obtaining decree
- Approval to evict
- Eviction

5.3 At each stage of the process Bield will provide the tenant with clearly written arrears letters which will detail :

- Their outstanding balance
- The action they need to take
- Internal and external assistance available re debt advice, welfare benefits etc.

5.4 A formal record of all action taken in relation to the rent arrear, including copies of all correspondence issues, will be retained in the tenants file

6 Former Tenant Arrears

6.1 Former tenant arrears recovery will be based on a staged escalation process, up to and including forms of diligence which can include arrestment of earnings, goods or bank account for non-payment of the debt owed. This include:

- Tenants or tenant's next of kin (where the tenant is deceased or has moved into hospital or Care) will be advised when they give notice of their intention to terminate their tenancy of the likely amount due at the termination date
- Tenants or tenant's next of kin will be advised at the pre termination inspection of the exact amount due and methods of payment available

- A Letter confirming the end of the tenancy and outstanding liability in terms of rent will be issued to the former tenant, next of kin or their estate
- Staff will monitor former tenant accounts on a monthly basis and initiate initial action where former tenant accounts contain an outstanding balance
- Every effort will be made to contact the former tenant, next of kin or their estate as soon as possible to arrange repayment of the outstanding amount due
- If the full amount owed cannot be cleared in a single payment a repayment agreement that is affordable and sustainable will be offered
- Legal action can be considered to recover the debt if considered appropriate
- Where a decision is made by the Housing Operations Manager that a debt is uneconomic to pursue or where there is no prospect of recovery the debt can be written off

6.2 The formal stages involved in this process are:

- Issue reminder letter
- Issue second reminder letter
- Issue final letter advising of intention to raise legal action
- Referral to debt recovery agency/ raise court action (if appropriate)
- Initiate diligence(if appropriate)
- Write off

6.3 At each stage of the process Bield will provide former tenants or next of kin with clearly written arrears letters which will detail :

- the amount outstanding
- the action they need to take
- internal and external debt / welfare advice available

6.4 A formal record of all action taken in relation to the rent arrear, including copies of all correspondence issues, will be retained in the tenants file

7 Performance Monitoring and Reporting

7.1 Bield will monitor performance on rent arrears through a range of both internal controls and report to the Board and the Performance and Audit Committee on performance through a range of both internal and statutory key performance indicators (KPI'S) in line with the requirement for the Annual Return of the Charter.

7.2 Internal controls include:

- Housing Officer taking responsibility for all arrears arising within their designated patches and reporting all cases with over 2 month arrears to their Housing Operations Manager
- Housing Operations Managers reviewing and monitoring all arrears under 3 months

- Assistant Director Tenancy Services reviewing and monitoring all cases over 3 months

7.3 Statutory KPI's on rent arrears will include information on the following:

- Rent collected as a percentage of total rent due in the reporting year
- Gross rent arrears (all tenants) as at 31 March each year as a percentage of the rent due for the reporting year
- Number of households for which Bield are paid housing costs directly and the total value of the payment received in the reporting year (direct HB payments)
- Snapshot of the amount and percentage of former tenant arrears written off at the year end

8 Credits

Rent accounts will be checked on a regular basis and refunds issued promptly. Current tenants who build up a credit in their rent account can have this refunded back to them. All refunds must be approved by the appropriate senior member of staff. Former tenants or their next of kin will be refunded any overpayment made once their tenancy has ended and the rent account closed.

Former tenant credits which are uneconomical to refund or where there is no response to correspondence can be written off by the appropriate senior member of staff

9 Equal Opportunities and Diversity

Bield is committed to advancing equality of opportunity, eliminating unlawful discrimination and fostering good relations between people who share a protected characteristic¹ and those who do not. Our goal is to ensure that these commitments, reinforced by our values are embedded in our day to day working practices with all our customers, colleagues and partners. Acting on these principles we aim to promote an environment that is free from all forms of unlawful or unfair discrimination and one that values diversity.

At the heart of our policy, we seek to treat people fairly, with dignity and respect, and to uphold human rights for all.

Bield considers any form of unlawful discrimination to be unacceptable in terms of good practice, social justice and legal duty.

10 Review of the policy

The Rent arrears Policy will be reviewed every 5 years.

¹(The Equality Act 2010 sets out the protected characteristics as: age; disability; gender reassignment; marriage and civil partnership (employees only); pregnancy and maternity; race; religion or belief; sex and sexual orientation).