



H O U S I N G   A S S O C I A T I O N

# **RUCHAZIE HOUSING ASSOCIATION RENT MANAGEMENT POLICY**

DRAFT

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## 1. INTRODUCTION

- 1.1 This policy outlines Ruchazie Housing Association's policy in relation to arrears prevention, control and recovery.
- 1.2 The Association recognises the importance of keeping arrears to a minimum both for the Association and individual tenants, and will take all reasonable steps to ensure that arrears are efficiently and effectively recovered.
- 1.3 The Association also accepts that tenants who owe rent to their landlord are likely to find being in arrears stressful, particularly if they have multiple debts and inadequate or irregular income. The Association will therefore take a sympathetic, yet firm approach to tenants in arrears.

## 2. AIMS OF THE RENT MANAGEMENT POLICY

- 2.1 The main aims and objectives of this policy are:
  - Minimise the loss of rental income to the Association
  - Be both fair and firm
  - Be prompt and effective in relation to arrears recovery
  - Operate an effective arrears control system
  - Emphasis on prevention

## 3. LEGAL AND REGULATORY REQUIREMENTS

- 3.1 This policy aims to be consistent with all relevant and legal requirements including those set out below:
  - The Housing (Scotland) act 2002 and 2010
  - Scottish Secure Tenancy Agreement and Short Scottish Secure Tenancy Agreement.
  - Data protection Act 1198
  - Human Rights Act 1998
  - The Welfare Reform Act 2012
  - Debtors (Scotland) Act 1987
  - Homelessness. etc. (Scotland) Act 2003
- 3.2 We will comply with the Scottish Social Housing Charter requirements most relevant to this policy:

**Outcome 2 Communication** – tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.

**Outcome 11 Tenancy Sustainment** –tenants get the information they need on how to obtain support to remain in their home; and ensure that suitable support is available, including services provided directly by the landlord and by other organisations

**Outcome 13 Value for Money**-tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

**Outcome 14 & 15 Rents and service charges** – Social landlords set rent and service charges in consultation with their tenants and other customers so that –

- A balance is struck between the level of services provided , the cost of the services, and how far current and prospective tenants and service users can afford them
- Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

#### **4. PREVENTION**

4.1 Ruchazie Housing Association will place considerable importance on the prevention of arrears. The Association will set affordable rents in line with our Business Plan. The association will seek to avoid, as far as is possible the setting of rents which result in households being caught up in the poverty trap. The association will seek to minimise rent arrears by:-

- Maintaining accurate rent accounting systems to ensure staff can quickly identify non-payment and accurate monitoring of rent arrears.
- Completing a financial assessment for applicants prior to an offer of tenancy to ensure affordability.
- Informing tenants in writing of rent and service charges for the property being offered.
- New tenants will be given details of
  1. The amount of rent and service charges due
  2. Method of payment
  3. Likely running costs (if appropriate information is available)
  4. Date of next
  5. rent increase
  6. Policy on rent arrears
  7. Housing Benefit & Council Tax benefit

- We will ensure that there is early intervention in rent arrears before a debt becomes unmanageable.
- Carry out settling in visits to new tenants within one month of moving into their new home. This visit will include a discussion on rent charges and payment methods.
- Making efforts to provide the tenant with advice and assistance on the tenants eligibility to receive housing benefit and check with Housing Benefit for any outstanding actions to allow claims to be processed.
- Rent statements will be issued every 6 months to tenants..
- Provide the tenant with information about sources of advice and assistance in relation to the management of debt.
- Making reasonable efforts to agree with the tenant a reasonable plan for future payments to the Association. Such a plan to include proposals in respect of future payments of rent and outstanding rent and other outstanding financial obligations of the tenancy
- Comply with all pre-action requirements as set out in Section 14(A0 of the 2001 Act ('the pre-action requirements').

#### 4.2 WELFARE BENEFITS AND ADVICE

Maximising benefit entitlement and debt counselling are considered vital in assisting tenants to maintain rent payments. The association provide a Welfare Benefits Service provided by GEMAP to both existing and potential tenants, working closely with the Housing Officer to increase the tenants ability to pay.

The association will work closely with the local authority Housing Benefit Department/DWP to ensure that claims for tenants are processed efficiently and accurately.

The Welfare Benefit Adviser will provide support to maximize income for our tenants through supporting applications for Housing & Council Tax benefits, Discretionary Housing Payments and Universal Credit. The Money Advice service will provide money and debt advice giving tenants support to reach realistic and manageable repayment arrangements in the arrears recovery process. This may also involve third party organisations, e.g. insolvency practitioners.

## 5. ARREARS MANAGEMENT

- 5.1 Ruchazie Housing association will take appropriate action to recover both current and former tenant arrears. Considerable emphasis will be placed on developing personal contact by staff with tenants in arrears.
- 5.2 Wherever possible, Ruchazie Housing Association staff will seek to recover any rent arrears with the voluntary co-operation of the tenant concerned. The Association will, however, be prepared to take legal action to recover arrears, or to evict a tenant for failure to pay the rent, where all other methods of recovery have been tried and failed and where the arrear is serious.
- 5.3 Ruchazie Housing Association staff will respond promptly to missed payments, contact will be attempted within two days of a missed payment. The tenant will be contacted by any of the following methods:
  - By telephone
  - By text
  - By email
  - In person
  - By letter

And all methods of contacted will be recorded.

- 5.4 Arrangements – Ruchazie Housing association staff will seek to agree reasonable and affordable arrangements to pay any rent arrears with individual tenants.
- 5.5 Arrangements will balance a tenants ability to pay with the amount of the outstanding arrear. Staff should complete an income and expenditure assessment with the tenant to determine a level of payment that is affordable and sustainable.
- 5.6 Where the tenant is in receipt of the appropriate benefit, they must agree with arrears direct payments.
- 5.7 All arrangements will be confirmed in writing and the tenant will be asked to sign to acknowledge his/her agreement.
- 5.8 Staff will monitor payments to ensure that the arrangement is being adhered to and if required take appropriate action for non-payment.
- 5.9 Where appropriate tenants will be encouraged to contact external organisations able to provide debt counselling. Ruchazie Housing Association understands that any information provided by the tenant to such an organisations will be confidential.

## 6. LEGAL ACTION

- 6.1 In circumstances where a tenant persistently fails to pay rent, has broken agreements for payment and where the Association believes no other alternative action is appropriate and all pre-action requirements have been complied with, the association will start legal proceedings.
- 6.2 The decision to serve a Notice of Proceedings rest with the Housing Officer. In all cases where:
- i. If the pre-action requirements have been complied with, and
  - ii. The arrears of rent or other payments due to the associations exceed a sum equivalent to 2 month's rent
  - iii. Where an application for housing benefit for the tenant has been made but not yet determined but the association believes that it is not likely to result in benefit being paid at a level allowing the tenant to pay or reduce by an amount acceptable to the Association the outstanding rent and other financial obligations of the tenant , and
  - iv. No satisfactory arrangement to clear the arrears of rent or other financial obligations of the tenant has been entered into ; and
  - v. Where there was an arrangement which has broken down
- 6.3 Every effort will be made to maintain personal contact with the tenant throughout the legal process. This may include evening or other out of hours visits to their home.
- 6.4 Following the issue of a Notice, and no improvement in payments by the tenant or no steps have been taken to obtain support from us or any of our partner organisations, the Housing Officer may request Court Action be started. The Housing Manager and the Housing Officer will make this decision.
- 6.5 In the event of a Decree being granted, the Management Committee can only authorise the decision to proceed with eviction. The Management Committee will be provided with all relevant information to allow an informed decision to be made.
- 6.6 In the event that a Decree for Recovery of Possession is granted, the recovery will only be stopped , if all outstanding debts are paid in full, including legal costs, or where the tenant recalls the case to court. (minute of Recall)
- 6.7 In accordance with the terms of the Homelessness (Scotland) Act 2004, written contact will be made with the Homeless Casework Team and other agencies as appropriate when court action is raised. A record will be kept of such contacts and responses given.

## **7. FORMER TENANT ARREARS**

- 7.1 All tenants, when terminating their tenancy, are encouraged to pay any outstanding arrears of rent and will be advised of the implications involved if arrears are not paid in full. Ruchazie Housing Association will take a;; practical steps it can in preventing these arrears. This will include pursuing tenants for outstanding arrears during the period of termination, including obtaining forwarding address and workplace.
- 7.2 Former tenant arrears will be monitored regularly and appropriate action taken. Former tenants will be encouraged to agree a repayment plan that is affordable and sustainable. RHA will endeavor to use a tracing service to contact former tenants. Where we are not successful the Association may employ the services of an external debt recovery agency.
- 7.3 Legal action to recover arrears will be taken in cases where an assessment of the former tenant's circumstances indicates that such an action would be appropriate.
- 7.4 Where a debt is uneconomical to pursue or attempts to recover arrears by letter or debt recovery agency have failed, or the former tenants whereabouts are unknown or there is no prospect of recovery, the debt will be written off.
- 7.5 The Housing Management Sub- 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 in each case. The Housing Services Sub 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 be pursued.

## **8. CREDIT BALANCES**

- 8.1 Credit Balances can occur on the rent accounts of current and former tenants in particular circumstances. These balances will be managed through a process of regular monitoring. Refunds will be made to current tenants where requested and to former tenants where possible. Before a refund is made a check of all outstanding debt will be carried out and where an outstanding recoverable charge exists any credit balance will be off-set.

## **9. PERFORMANCE MONITORING**

- 9.1 The Association will monitor performance on arrears and the recovery of charges using regulatory indicators as follows
  - Rent Collected as % of rent due
  - Gross rent arrears as % of the rent due

The following local indicators will also be monitored

- Total current arrears as a % of rent due
- Total former tenant arrears as a % of rent due
- No of tenancies owing more than £1000
- No of NOP served for arrears
- No of court actions initiated
- No of tenants evicted

All performance information will be reported to both the Housing Management Sub- Committee and the Management Committee.

- 9.2 The Director/Housing Services Manager will recommend annual targets for current and former tenant arrears as a percentage of the net rent due in the financial year.

## **10. RISK MANAGEMENT**

- 10.1 The Management Committee will consider the Risk management factors of arrears and recovery of charges including:

- Financial risk through potential failure to ensure that enough income is collected to cover operating costs
- Non-compliance with Social Housing Charter outcomes
- The setting of charges that are unaffordable resulting in increased arrears
- Increased legal costs resulting from a high number of serious arrears cases.

- 10.2 The Management Committee will effectively manage this risk through a cyclical review of the housing management policy and procedures, including arrears management, to ensure compliance with all legislative requirements, regulatory and best practice guidance.

## **11. COMPLAINTS**

- 11.1 Any tenant may submit a complaint, using the Association's complaint policy if it is felt there has been a failure to correctly apply this policy.

## **12. POLICY REVIEW**

- 12.1 This policy will be reviewed in 2020, or as required following a substantive legislative or regulatory change.

