

Arrears Policy

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1. INTRODUCTION

1.1 Statement of Objectives

The Arrears Policy aims to ensure that Clyde Valley Housing Association provides an effective housing operations service that complies with its landlord obligations in respect of arrears management.

Our objectives include:

- maximising our income and controlling our arrears, so that CVHA remains a financially viable and sustainable organisation;
- delivering a personalised service and promoting financial inclusion amongst customers, such as advice on entitlement to welfare benefits;
- focusing on prevention of arrears and early intervention;
- encouraging customers to pay what they are due in full and on the due date;
- promoting a payment culture by informing customers of the impact that arrears have on maintenance and investment programmes;
- dealing with any arrears in a firm, fair, sensitive and efficient manner;
- providing relevant advice and assistance or signposting to other agencies to help customers deal with financial difficulties, including liaising with those responsible for administering welfare benefits where appropriate; and
- fulfilling our legal obligations.

1.2 Compliance with Regulatory Standards

In terms of the Scottish Social Housing Charter, the Scottish Housing Regulator has identified a number of key indicators relevant to arrears management by which it will measure landlord performance, including the following:

- Housing options – people at risk of losing their homes get advice about preventing homelessness.
- Tenancy sustainment – tenants get the information they need on how to obtain support to remain in their home; and ensure suitable support is available, including services provided directly by the landlord and other organisations.
- Value for money – tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

1.3 Expected Outcomes

Key outcomes of operating an effective Arrears Policy include:

- maximising income;
- minimising arrears; and
- minimising evictions for non-payment of rent.

1.4 Informing and Involving Stakeholders

We will promote our Arrears Policy in line with our Customer Engagement Strategy.

1.5 Corporate Fit

1.5.1 Legislation and best practice

We will comply with all relevant legislation and associated regulations, including:

The Housing (Scotland) Act 2001 and 2010;
Debtor's (Scotland) Act 1987;
Welfare Reform Act 2012; and
The Scottish Social Housing Charter.

Common law, statute and the contractual obligations within our tenancy agreement set out our responsibilities as landlord and those of our tenants and our Deed of Conditions sets out our responsibilities as property factor and those of our homeowners.

Our Arrears Policy is consistent with our:
Corporate Strategy;
Business Plan;
Tenancy Sustainment Policy;
Welfare Benefits / Income Maximisation Policy;
Bad and Doubtful Debts Policy;
Risk Management Strategy; and
Standing Orders and Delegated Authority Policy.

1.5.2 Equalities

Our Arrears Policy complies with CVHA's Equality Policy to ensure equality of treatment for all customers without discrimination or prejudice. At all times CVHA will therefore consider all customers, regardless of sex, faith or religion, race, ethnic origin, sexual orientation, mental or physical health, disability or marital status.

1.5.3 Confidentiality

CVHA recognises that confidentiality is important to customers and will treat their information in the strictest confidence under the Data Protection Act 2018 and in line with CVHA's Openness and Confidentiality Statement.

1.5.4 Business Plan and risk management

The Arrears Policy provides a framework for managing arrears effectively. Our Business Plan depends significantly upon generating revenue from the properties that we rent or factor. We therefore seek to mitigate against business risk through minimising our arrears. Managing arrears in an efficient, effective and economic manner should minimise our loss of income through non-payment of sums due. Welfare reform presents particular business risks for our rented properties and specific mitigation measures are being developed in this regard, which are set out in the Welfare Benefits / Income Maximisation Policy.

1.5.5 The Board

The Customer Services Director has responsibility for overseeing the implementation of the Arrears Policy and the Housing Manager is responsible for key aspects of the day to day service delivery with delegation of specific tasks to appropriate staff.

The Board will receive updates on the implementation of the Arrears Policy so that they can have reasonable assurance that it is operating effectively in practice. The Audit and Risk Committee may also seek assurance in this regard.

In line with the Standing Orders and Delegated Authority Policy, in implementing the Association's Arrears Policy certain functions are the responsibility of the Board and Finance Committee, although staff have delegated authority to undertake many tasks. Examples of key functions / tasks are summarised below.

Function / task	Responsibility
Arrears Policy – review, amendment and approval	Board responsible for reviewing, amending and approving Arrears Policy.
Arrears Procedures – development, monitoring and review	Customer Services Director and Housing Manager to develop operational procedures that reflect the principles set out within the Arrears Policy.
Monitoring of Arrears Cases	Customer Services Director, Housing Manager and Senior Housing Officer to oversee the effective monitoring of individual cases, reporting trends to Board.
Repossession Actions	Customer Services Director and Housing Manager to make recommendations to Board where approval is sought for repossession actions.

2. KEY PRINCIPLES – ARREARS POLICY

2.1 Context

Rental income is the largest part of CVHA's cashflow. Maximising income and the effective control of arrears is crucial to CVHA's financial well-being and its ability to deliver on a range of business plan commitments.

Housing Officers will play a central role in managing our arrears. Their duties will include ensuring that all tenants comply with their tenancy agreement, including the payment of rent when it is lawfully due. Housing Officers will manage their duties within a specific 'patch' or geographic area and will act as the main point of contact for dealing with arrears management issues within their patch. We will ensure that staff understand the Arrears Policy and associated procedures and that these are implemented in a consistent way. CVHA will provide training as required to relevant staff.

2.2 Arrears prevention – new tenants

We will work closely with all new tenants to ensure that they are fully aware of their responsibilities under their tenancy agreement, including the obligation to pay rent on the due date. We will confirm that failing to pay rent when lawfully due could have serious implications, potentially including loss of their tenancy.

We will explain clearly our arrears policy and procedures to our new tenants when they sign up for their new home.

We will provide our new tenants with advice and assistance when they sign up for their new home and again when we carry out the new tenancy visit during the first six weeks of the

tenancy. This will include advice on how much their rent is, how often the rent is due, how and where they can pay their rent, how to apply for welfare benefits and who they should contact if they have any difficulties with their rent payment, etc.

We will explain the implications of 'joint and several liability' to those who are joint tenants, whether they be new or existing tenants. Joint and several liability means that joint tenants are responsible together or, if there are more than two joint tenants, as a group. But it also means that one joint tenant is responsible for the actions and defaults of another joint tenant in keeping to all the terms of the tenancy agreement. For example, all joint tenants or one individual tenant may be held responsible for the payment of all the rent.

2.3 Arrears prevention – all tenants

We will work closely with all tenants from the time that their rent account first goes into arrears to attempt to prevent the arrears from increasing. This will include issuing reminder letters, home visits and potentially the issuing of notices of proceedings.

We will explain in a clear and concise way the action that we are taking against tenants to recover rent arrears, stressing at all times the serious implications that failing to pay rent may have on the tenancy.

We will provide debt counselling and/or specialist income maximisation advice to our tenants who accrue rent arrears and may also direct them to other agencies who may be able to assist them further, for example where a tenant has multiple debts.

We will arrange and monitor repayment plans closely in accordance with our rent arrears procedure to prevent arrears from increasing. The repayment plan will be formally agreed in writing with the tenant and witnessed by a Housing Officer. If the tenant fails to keep to the repayment plan, the Housing Officer will pursue the tenant for the missing payments. This may take the form of letters, telephone calls, home visits, etc.

2.4 Welfare benefits

It is in our interests to ensure that all Housing Benefit claims are processed quickly by the Council so that there is minimal delay in the receipt of associated payments by CVHA. The Council has a statutory obligation to process all claims within 14 days of receipt of the claim, or to make a payment on account if the claim is not completed within that time.

We will operate within the terms of the Housing Benefit 'Verification Framework' and will share information with the Council. We receive Housing Benefit payments electronically from our partner local authorities – this delivers transactional efficiencies but also ensures that payments are posted directly to CVHA's bank account, thereby avoiding double entry processing errors. Specifically we will also share information with the Council, the Department for Work and Pensions and other statutory agencies to prevent benefit fraud and assist in their recovery of benefit that has been fraudulently claimed.

We will provide advice and assistance to tenants in receipt of Universal Credit, whose housing costs will be paid directly to them rather than the Landlord. If any tenant accrues arrears of more than 8 weeks we will apply for an APA (alternative payment arrangement).

2.5 Enforcing the tenancy agreement

We will take immediate action against tenants who breach their tenancy agreement by failing to pay their rent. This action is detailed in our arrears procedure and will initially be a reminder letter. All action will be formally recorded. We will enforce our arrears procedure consistently, efficiently and effectively.

The action we take will be firm but fair when dealing with tenants who have arrears and we will explore all options available to assist the tenant to deal with their arrears and other financial issues they may have.

We will meet with tenants to discuss any issues about their rent account in our offices, in their home or at a location where they feel comfortable.

We will not take legal action lightly, but will take it where a tenant continually fails to co-operate in reducing their arrears balance or repeatedly breaks a formal repayment arrangement.

Where appropriate, we will ensure that all members of the household aged 16 years and over, including members of the tenant's family and their children, ('qualifying occupiers') are aware of legal action we take and that we comply with pre court action requirements.

As a last resort, we will take eviction action against tenants who persistently refuse to pay their rent when it is lawfully due. Every arrears case will have a full audit trail to support any legal action and provide information for monitoring purposes.

2.6 CVHA factoring arrears

In line with the Deed of Conditions, CVHA is responsible for pursuing factoring arrears that accrued before 1 April 2006. Clyde Valley Property Services (CVPS) is responsible for tackling all factoring arrears that accrued after April 2006.

2.7 Writing off bad debt

Arrears can occur in a number of circumstances, such as a tenant absconding or dying with a balance of arrears outstanding on their rent account.

When the procedure for dealing with former tenant arrears (or sequestrated current tenant arrears case) has been exhausted and the arrears cannot be recovered, the arrears should be put forward for write off, in line with CVHA's Bad and Doubtful Debts Policy.

Housing Officers will routinely review each arrears case and these will be considered for potential write off by the Housing Manager. The Customer Services Director will prepare a quarterly report of proposed write offs for the Finance Committee to consider and approve.

CLYDE VALLEY HOUSING ASSOCIATION**ARREARS POLICY – KEY PERFORMANCE INDICATORS**

Key Performance Indicators	Target
Current tenant arrears as percentage of net debit	$\leq 2.6\%$
Former tenant arrears as percentage of net debit	$\leq 1.00\%$
Number of tenants evicted for non-payment of rent	N/A