

## Arrears Policy

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<b>Prepared By</b>	Customer Services		
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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.

## **2. Compliance with Regulatory, Legal Standards and Corporate Fit**

2.1 In terms of the Scottish Social Housing Charter, the Scottish Housing Regulator has identified several 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 organizations.
- Value for money – tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

### **2.2 Expected Outcomes**

Key outcomes of operating an effective Arrears Policy include:

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

### **2.3 Arrears Policy- Informing Customers**

2.3.1 Our Policies are published on the Clyde Valley Group Website and are available in paper format on request.

2.3.2 Revisions and updates to Policy are publicised via social media and customers are invited to comment.

2.3.3 Our approach to managing Arrears, and particularly to preventing Arrears is discussed at tenancy sign up stage.

## 2.4 Legislation and best practice.

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

2.4.1 The Housing (Scotland) Act 2001: This establishes the regime of Scottish Secure Tenancies, the terms of such tenancies and the arrangements for repossession of a tenancy.

2.4.2 The Housing (Scotland) Act 2010: This set out the terms of Pre-action requirements under sections 14 and 14A of the Housing (Scotland) Act (“the 2001 Act”) as amended by section 155 of the 2010 Act and Repossession Orders under section 16 of the 2001 Act as amended by Section 153 of the 2010 Act.

2.4.3 The Equality Act 2010: The public sector equality duty requires public authorities to eliminate discrimination, promote equality of opportunity and foster good relations. This duty covers RSLs in the exercise of public functions. There are specific duties which also require some public authorities to publish schemes setting out how they will promote equality, including their method for formal impact assessment of policies and practices. While RSLs are not subject to these specific duties, the Equality and Human Rights Commission (the enforcement body for these duties) encourages other bodies to take on board the principles of these duties and do equality impact assessments. Therefore, Clyde Valley Housing Association has assessed this Policy as part of our Policy review process.

2.4.4 The Human Rights Act 1998: influences Housing Management functions, including recovery of Possession Proceedings.

2.4.5 The Bankruptcy and Diligence (Scotland) Act 2007: Set out the legal framework for the recovery of debt, including rent arrears.

2.4.6 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.

2.4.7 Our Arrears Policy is consistent with our:

- Corporate Strategy.
- Business Plan.
- Tenancy Sustainment Policy.
- Bad Debt Policy
- Risk Management Strategy; and
- Standing Orders and Delegated Authority Policy

## 2.5 Equalities, Diversity & Inclusion

2.5.1 At Clyde Valley we value people and their diversity and strive to be inclusive. We respect others, regardless of personal differences, and we listen to people to understand their needs and tailor our service accordingly. We will

strive to promote equal access to our service for all members of the community and provide fair and equal treatment, promoting human rights in line with our Equality, Diversity and Inclusion Strategy and Policy.

2.5.2 Data Protection CVHA recognises that confidentiality is important to customers and will treat their information in the strictest confidence and in compliance with all applicable Data Protection legislation.

### 3. Business Plan and risk management

3.1 The Arrears Policy provides a framework for managing arrears effectively. Our Business Plan depends significantly upon generating revenue from the properties that we rent. We therefore seek to mitigate 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 rent due. Welfare reform presents 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.

#### 3.2 Delegated Authority

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

3.1.2 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 Committee may also seek assurance in this regard.

3.1.3 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, although staff have delegated authority to undertake many tasks. Examples of key functions / tasks are summarised below.

<b>Function / task</b>	<b>Responsibility</b>
Arrears Policy – review, amendment, and approval	Board responsible for approval of the Arrears Policy.
Arrears Procedures – development, monitoring, and review	Customer Services Director and Customer Services Manager to develop operational procedures that reflect the principles set out within the Arrears Policy.
Monitoring of Arrears Cases	Customer Services Director, Customer Services Manager and Senior Housing Officer to oversee the effective monitoring of overall performance and individual cases, reporting performance to the Board.
Repossession Actions	The Customer Services Director and Customer Services Manager to make recommendations to the Chief Executive, who has delegated authority to approve Repossession actions.

## 4. Key Principles – Arrears Policy

### 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 play a vital role in managing our arrears. Their duties 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.

### Arrears prevention – new tenants

- 4.1.1 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 tenancy.
- 4.1.2 We will clearly explain our arrears policy and procedures to our new tenants when they sign up for their new home.
- 4.1.3 We will provide our new tenants with advice and assistance when they sign up for their new home and again when we conduct 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.
- 4.1.4 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.

### Arrears prevention – all tenants

- 4.1.5 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 ensure we try every means to engage with tenants, including phone calls, home visits, letters, emails, and SMS.
- 4.1.6 Tenants may have specific communication needs or preferences and we will ensure that we do everything we can to meet those. This may involve

arranging Translation services, Hearing Assisted services, or simply arranging a meeting in a way that meets preferences. For example, if someone suffers from anxiety and would prefer to communicate via email, or by telephone, rather than in a face-to-face meeting, we will accommodate this.

4.1.7 We will provide advice and support 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.

4.1.8 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 approved 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.

## **5. Welfare Benefits**

5.1 The process of Universal Credit Migration has been on-going for several years. This represents a major shift for many customers, who may have been receiving full rent payments direct from their Housing Benefit claim. Our Policy is to support customers throughout this process, by providing advice and assistance. We aim to minimize rent arrears through proactive contact campaigns and help with claims. Our Welfare Benefit Officers will provide more intense support for vulnerable customers.

5.2 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.

5.3 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.

5.4 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 Arrears Direct Payment from the Department of Work and Pensions. (alternative payment arrangement).

5.5 Clyde Valley Housing Association employs two Welfare Benefit Officers. They offer direct assistance with complex Housing Benefit, Universal Credit, and other Benefit queries. They work in partnership with Local Authorities, Citizens Advice and other third sector organisations, to ensure customers are signposted, where they cannot offer direct advice.

## **6. Enforcing the tenancy agreement**

- 6.1 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.
- 6.2 The action we take will be proportionate and will consider the specific circumstances of the tenant and the household dealing with tenants who have arrears, and we will explore all options available to assist the tenant in dealing with their arrears and other financial issues they may have. Where tenants have known vulnerability factors, or where they simply indicate a need for advice and assistance, we will signpost them to the appropriate support services.  
If we have Safeguarding concerns for a vulnerable adult or child, we will make the appropriate referral to the Locality Social Work Department.
- 6.3 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.
- 6.4 We will not take legal action lightly but will take it where a tenant continually fails to reduce their arrears balance, repeatedly breaks a formal repayment arrangement or where the arrears balance is deemed to be unreasonable.
- 6.5 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.
- 6.6 As a last resort, we will take eviction action against tenants who persistently refuse to pay their rent when it is lawfully due. Every arrear case will have a full audit trail to support any legal action and provide information for monitoring purposes.

## **7. Writing off Former Tenancy/Unrecoverable debt**

- 7.1 Arrears can occur due to several circumstances, such as a tenant abandoning their tenancy, terminating the tenancy with outstanding debt and failing to clear the debt when they leave, failing to maintain a payment arrangement after they leave, or dying with a balance of arrears outstanding on their rent account.
- 7.2 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 Debts Policy.
- 7.3 Housing Officers will routinely review each arrears case, and these will be considered for potential write-off by the Senior Revenue Officer and Customer Services Manager.
- 7.4 A monthly Write Off Request report will be prepared for debts up to the value of £1000. The Customer Services Director will prepare a report on proposed write-offs, over the value of £1000, for the Audit Committee to consider bi-annually.

## Policy Change History

Version No:	Substantive Change	Author of Change	Approval	Date	Website
1.0	Review of policy	Lee Valentine & Caroline Hotchkiss		March 21	Y
1.1	New front cover and version history applied	Anne Cavinue		03/03/23	Y
1.2	Review of policy	Angela Cairns		June 2024	Y
2.0	Minor administrative changes to wording and layout.  Updated Equalities, Diversity, and Inclusion guidance	Angela Cairns	Board	26/08/24	Y
2.1	Change of job title from Income Maximisation Officers to Welfare Benefit Officers	Vaila Whittall		25/02/2026	Y