



Bridgewater Housing Association Policy	
Policy name	Income, Rent Arrears and Debt Management Policy
Policy category	Housing Services (HS)
Policy number	HS02
Date adopted	
Last review	April 2021
This review	April 2024
Next review	April 2027
Equalities impact assessment required	Yes
Links to other documents	HS21 Legal Action and Evictions Policy FS06 Write Offs, Scheme of Delegation
Consultation	Yes

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1. INTRODUCTION

- 1.1 The Association has a duty to maximise its income by preventing arrears and service charges building up and by recovering any arrears fairly and effectively.
- 1.2 This policy sets out the principles that the Association conforms to in its aim to minimise arrears.
- 1.3 Where this policy document refers to rent payments and rent charges it should be noted that this includes Garage Rents, Occupancy Charges & Service Charges where these are applicable.

2. PURPOSE

- 2.1 The purpose of the Income, Rent Arrears and Debt Management Policy is to define Bridgewater Housing Association's approach to recovery of rent and other arrears. The main objective is to minimise loss of rental income through prevention of rent arrears and prompt effective action when arrears do arise.
- 2.2 The Association relies on its rental income to provide a range of services and improve and maintain our housing stock. Therefore the collection of rent and any arrears are essential for the continuity and sustainability of the organisation. We seek to build financial resilience in our communities and help our tenants avoid the problems associated with rent arrears and debt.

3. PRINCIPLES AND KEY POLICY GOALS

The Association will adopt the following principles goals in application of this policy:

- To ensure all rent accounts are maintained with rental payments one month in advance in line with the tenancy agreement.
- To ensure an advance payment is a condition of being made an offer of rehousing. The details of our approach and the minimum acceptable advance payment are outlined in the arrears procedure.
- To promote a payment culture and make prospective tenants aware of the costs associated with maintaining a tenancy and to carry out a joint review of their resources in the light of those costs.
- To prevent arrears arising.
- To prevent arrears increasing.
- To pursue current and former tenant arrears by all viable means.
- To recover the arrears with the voluntary co-operation of the tenant wherever possible.
- To tailor action to the individual circumstances of the tenant with a firm, but sensitive and flexible approach being adopted.

- To enlist support/information/advice from any appropriate agency for the tenant where a benefit could exist.
- To promote tenancy sustainment
- To prevent homelessness and to use legal action as a last resort once other methods have failed.
- To comply with the Statutory Instrument – 2012 No 127 Pre-Action Requirements Order 2012.
- To comply with all relevant legislation and the law.
- To monitor the effectiveness of the Arrears Policy and Legal Action and Eviction policy.
- To maintain effective communications systems and promote joint working where necessary with Renfrewshire Council's Housing Benefit Department, the Department of Works and Pensions (DWP) and other external agencies assisting with arrears management / income maximisation activities.

4. OBJECTIVES

The objectives of this policy are:

- To provide clear guidance for staff and tenants on the way in which we expect rent to be paid and arrears and debt to be collected.
- To promote timely implementation of procedures to prevent arrears wherever possible and ensure minimum loss of income.
- To ensure all possible advice, assistance and sympathetic consideration is given to any special circumstances causing financial difficulties for tenants, and to ensure a system is in place to make referrals to external advice agencies where appropriate.
- To ensure tenants are assisted in the take up of benefits, provided with debt and budgeting advice, and encouraged to make repayment agreements which are realistic and affordable to the individual.
- To keep all tenants informed of any relevant changes, such as changes in the Welfare Benefit system, through the use of newsletters and/or direct letters and use newsletters, social media and its website to promote a positive payment culture.
- To ensure the Board is adequately informed of the level of arrears in order to monitor performance and ensure effectiveness of its policy.

5 LEGAL & REGULATORY CONTEXT

5.1 This policy will comply with all relevant legislation and best practice guidance including:

- The Housing (Scotland) Act 2001 & 2010;
- Debtor's (Scotland) Act 1987;
- Bankruptcy and Diligence etc. (Scotland) Act 2007;
- Statutory Instrument 2012 No 127 Pre Action Requirements Order 2012.
- Welfare Reform Act 2012; and
- The Scottish Social Housing Charter and relevant Charter indicators.
- The Data Protection Act 2018 & General Data Protection Regulation (GDPR)
- Scottish Secure Tenancy Agreement, Short Scottish Secure Tenancy Agreement and Occupancy Agreement – Bridgewater's Tenancy and Occupancy Agreements contain specific conditions in relation to the payment of rent and other tenancy related charges. Non-payment of these charges represents a breach of the tenancy or occupancy conditions

6. RESPONSIBILITY

The Housing Services Manager has responsibility for key aspects of the day to day service delivery with delegation of specific tasks to appropriate staff. The Head of Housing Services (HOHS) has responsibility for overseeing the implementation of the Rent Arrears Policy and will report regularly to the Chief Executive Officer (CEO) and the Board on key performance indicators.

6.1 The following staff members / Board members will have delegated authority to carry out specific actions within the policy:

Notice of Proceedings (NOP)	Housing Officer/Housing Services Manager
Court Proceedings	Housing Officer/Housing Services Manager
Eviction	Housing Services Manager and reported to the Housing Land and Property Services Sub-Committee
Bad Debt/Write Offs	As detailed in the Write Off Policy

7. STAFF TRAINING

7.1 To ensure a pro-active and effective arrears recovery system, it is important that the training of staff is adequate to meet all the needs of its tenants.

7.2 Staff should have a good working knowledge of the Welfare Benefit system and be able to advise when and how to claim the appropriate benefit. Staff will be encouraged to develop a detailed knowledge of Housing Benefit and Universal Credit.

7.3 The Association is therefore committed to providing staff with relevant training relating to effective prevention and control of rent arrears; welfare benefits; the legal system and good practice.

8. PREVENTION OF RENT ARREARS

- 8.1 The Association recognises that the key to arrears management is prevention. To help customers manage their accounts, customers can view their account through the MyBHA portal, or have statements sent to them at any time upon request. The Association will seek to maximise different (cost effective) rental payment options to make rent payments as easy as possible and to suit the different circumstances of tenants.
- 8.2 Where arrears do occur, we will act quickly to bring this to the tenant's attention and agree a course of action to resolve them. We will take into account the tenant's individual circumstances. We will make arrangements for repayment of larger balances in line with our procedures.
- 8.3 We will ensure that payment options are accessible and convenient where possible. We will respond promptly to enquiries about tenancy related payments.
- 8.4 We will aim to take early intervention in order to prevent arrears accruing or increasing. A commitment to good customer relations and regular and appropriate communication will be employed to build positive relationships and ensure information on arrears prevention and rent payments is provided by:-
- Pre-tenancy communications and visits
 - Tenancy Agreement & sign-up appointment
 - New-tenant settling-in visit, and any follow-up support visits
 - Information Leaflets
 - Website
 - Newsletter
 - Social Media
 - Letters
 - Phone calls
 - Texts
 - Emails
 - Home/office visits
- 8.5 The Association recognises that letters are not always the best way of communicating with people; therefore we will employ a variety of methods to contact individuals and communicate updates, including, but not limited to text messaging, telephone calls, email and home visits.

9. ADVANCE PAYMENT

- 9.1 We require all tenants to ensure their rent is paid in full by the end of each month, in advance of the charge being applied.
- 9.2 Rent is due in advance in accordance with the tenancy agreement and we require new tenants to pay the full month's rent in advance at the tenancy sign up. Where this is not possible, we may agree to accept a minimum payment outlined in our procedures and to make a formal arrangement to bring the rent account into payment in full by the due date over an agreed period.

10. MANAGEMENT OF RENT ARREARS

- 10.1 Where preventative measures have failed, the Association will take timely, decisive action in the recovery of the debt following the Association's Rent Arrears Procedure. The Association will develop a detailed set of procedures identifying actions, roles and responsibilities in implementing its policies. These procedures will be subject to regular review and audit.
- 10.2 The Association will take a firm but fair approach when dealing with tenants who have arrears and will consider all options available to help the tenant to deal with clearing their arrears. We will enforce our arrears procedure consistently, efficiently and effectively.
- 10.3 Arrears recovery will focus on personal contact via visits and telephone conversations with tenants as well as informing customers of the debt and consequences of non-payment in writing.
- 10.4 The Association will expect low level debts (of one month's rent or less) to be cleared in a single payment and will only agree to instalments where the tenant can demonstrate their inability to pay in a single payment following analysis of their income.
- 10.5 For higher level debts the Association will accept repayment by instalment and will make agreements taking into account the tenant's personal circumstances and the time in which the debt will be paid in full. These agreements will be both manageable for the tenant and acceptable to the organisation. Repayment periods will not normally exceed 2 years, and this length of time will only be agreed in exceptional circumstances.
- 10.6 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.
- 10.7 As a last resort, we will raise court action and ultimately take eviction action against tenants who persistently refuse to pay their rent when it is lawfully due. Before court action is instructed the Housing Services Manager will require to approve the case to proceed to court and ensure that all actions have been taken under the pre court action requirements.
- 10.8 The Association will work with tenants until the last moment to prevent eviction action becoming necessary and will also advise tenants accordingly of any legal fees that they will be responsible for as a result of the court action.
- 10.9 Accurate records will be kept on computer of all contact including letters sent, house visits, arrangements made and HB/UC eligibility to allow staff to monitor each rent account.

11. HOUSING BENEFIT AND UNIVERSAL CREDIT

- 11.1 The Association recognises that many of its customers are dependent upon benefits (including Housing Benefit (HB) and Universal Credit (UC)) to pay their charges. Benefit claims are the responsibility of the tenant and we expect tenants to liaise with Housing Benefit/The Department of Work and Pensions (DWP) and ensure their rent is paid in advance, in full to the Association.
- 11.2 Where Housing Benefit or Universal Credit is in payment tenants will still be expected to pay their rent in advance in accordance with their tenancy agreement unless there are specific circumstances where it has been agreed with the Housing Services Manager that it this is not required.
- 11.3 Where arrears are accruing and attempts to encourage the tenant to manage their rent payments are unsuccessful, we will apply for Payment Direct to Landlord (APA) and Third Party Deductions to control arrears and prevent evictions.
- 11.4 Overpayments of Housing Benefit will be refunded to the local authority once they have been investigated by Association staff to determine the cause. If it is discovered that it is the responsibility of the tenant we will request that recovery is made directly from the tenant to avoid arrears being accrued.
- 11.5 We will also prompt our tenants who are in receipt of Universal Housing Costs to report their annual rent increase.

12 LEGAL ACTION

- 12.1 The Association will use a Solicitor firm which specialises in Housing Law to provide our legal services in terms of both advice and court actions.
- 12.2 Where a case has been passed to court, reasonable attempts will still be made to contact the tenant where they fail to engage. The instruction for any particular court hearing will take into consideration the level of arrears and communication with the tenant prior to court, including any arrangement which may be in place.
- 12.3 Tenants will be responsible for the payment of awarded court costs at the end of the action, on receipt of a Decree for payment of expenses. This will be dealt with as a 're-charge'.
- 12.4 The Association has a Legal Action and Evictions Policy for dealing with cases which progress to this stage.

13. TRUST DEEDS/SEQUESTRATION(BANKRUPTCY)

- 13.1 Where an individual has their debt placed in a Protected Trust Deed this debt is not pursuable for the duration of that protection. When the protected period is over the creditors will be issued with an outcome which will either require the debt to be written off in full or an offer of payment will be issued and any remaining debt will be written off.

- 13.2 In the case of Sequestration (bankruptcy), any arrears accrued up to the date of declaration will be written off, once it has been established that the requirements of the Sequestration have been met and the debt is discharged (normally after 12 months)
- 13.3 In either case, the terms of the tenancy agreement have been broken by failure to pay rent due. While the debt itself may not be pursuable, a judgment will be made on a case by case basis as to whether action should be taken to repossess the tenancy.
- 13.4 The Association will write-off sequestered arrears as at the date of sequestration in accordance with the financial procedures of the Association once confirmation from the Accountant in Bankruptcy (AIB) is received.

14. RECHARGES AND OTHER TENANCY DEBT

- 14.1 Recharges include both, court expenses awarded through Decree at court, and repairs which the tenant is required to pay themselves.
- 14.2 Other tenancy debts such as rechargeable repairs, Benefit overpayments, legal expenses and Sheriff Officer fees may be incurred by a tenant and are accounted for separately to rent arrears. We will always attempt to recover these debts and will expect tenants to make arrangements to clear them if they want a transfer or an exchange.
- 14.3 The tenant will be notified in writing of any debts payable in this regard and records of these debts will be recorded in the appropriate area in SDM associated with the occupancy. Where the tenant has an arrangement in place to pay rent arrears they will be asked to continue with this arrangement until the rent account is paid in advance, as per the terms of the tenancy agreement, and any other debts are cleared.
- 14.4 Rent arrears will be prioritised over re-charge payments, but where there are no arrears outstanding an arrangement will be pursued for any other debt.

15 FORMER TENANTS

- 15.1 Where a tenant terminates their tenancy voluntarily and are in rent arrears, they will be asked to clear the debt prior to the termination date. If they are unable to do so, the Association will make all reasonable attempts to enter into an arrangement with the tenant that is affordable.
- 15.2 If a tenancy ends without communication from the tenant, or an arrangement is not made, the appropriate action will be taken to recover all outstanding monies, including use of a debt recovery agency where appropriate. Debts of less than £75 will generally be written off once internal procedures have been exhausted
- 15.3 Records of all former tenant debts will be maintained. Where a former tenant re-applies for housing, they will be required to clear their debt or enter into an arrangement to clear their debt to the Association before they will be considered for re-housing.

16 BOARD MEMBERS IN ARREARS

16.1 As Board Members may also be tenants of the Association, those tenants should not accrue arrears. Any Board Member continuing to accrue arrears for 3 months or more (with the exception of technical arrears) without addressing the repayment of the arrears, and are subject to legal action will be referred to the Board to discuss termination of the individuals' board membership or to invite a resignation in accordance with Section 44.5 of the Association's rules.

17.0 MONITORING AND PERFORMANCE REPORTING

17.1 Reports will be generated from the system each month for both current and former tenant rent arrears. These will be used to monitor ongoing arrears performance and produce quarterly reports for Board/Sub Committee and the figures for the Annual Return on the Charter (ARC).

17.2 The arrears figures reported to the Sub-Committee and the Board will be calculated in the same way as those reported for the ARC and will include:

- Gross Arrears
- Technical/Non-technical arrears breakdown
- Current/former tenant breakdown
- Arrears as a % of rent due
- Arrears Targets

17.3 The ARC report will be completed using the arrears figures at the end of the account period in March annually.

18. APPEALS AND COMPLAINTS

18.1 Appeals or complaints against our operation of this policy will be processed through the association's complaints handling procedure, which is available at the Association's office or on our website.

19. POLICY AVAILABILITY

We will take into account the tenant's preferred means of contact where possible. Where English is not the first language of our tenants, or for those who are hearing or sight impaired for example, we will take steps to communicate taking account of individual needs. This document can also be provided in large print, braille, audio or other non-written format and in a variety of languages, on request. The Policy will be published on the Association's website.

20. MONITORING AND REVIEW

This policy will be reviewed every three years, unless amendment is prompted by a change in legislation, operational requirements or staff feedback.