

ARREARS MANAGEMENT POLICY

NOVEMBER 2023



LANARKSHIRE
HOUSING ASSOCIATION LTD



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ARREARS MANAGEMENT POLICY

(*Note Lanarkshire Housing Association, hereinafter referred to as LHA)

1.0 AIMS

- 1.1 This policy promotes our general aims to “strengthen communities in Lanarkshire by providing good quality housing and associated services which are both desirable and affordable to people in need and include local people in the decision-making process”.
- 1.2 The principles of our Arrears Management Policy are to maximise rental income and minimise loss of revenue.
- 1.3 We aim to improve the effectiveness of our rent arrears management by using a strategic approach which incorporates early intervention and prevention.
- 1.4 We will assess our performance against our Corporate Benchmark Performance, the recorded outcomes of the Annual Return on the Charter (ARC) legislation and good practice.

2.0 OBJECTIVES

- 2.1 We will adopt a fair, robust and sensitive approach to rent collection to minimise the loss of rental income with arrears managed efficiently and effectively.
- 2.2 We monitor rent arrears closely and promote arrears prevention from the start of a tenancy with early intervention mechanisms in place to commence action as soon as an arrear is identified.
- 2.3 Arrears actions are implemented in a sensitive and supportive manner aiming to promote tenancy sustainment and prevent homelessness where possible. Our IT facilities allow us to incorporate text messaging within the arrears process, with text reminders being issued where appropriate.
- 2.4 Corporate benchmark targets are set in relation to arrears, with monthly benchmarking outcome reports prepared to identify performance priorities in relation to each category of arrears. Additionally, performance analysis is presented to the Housing Services Sub-Committee promoting good governance.
- 2.5 Arrears recovery is based on a staged escalation approach, with letters issued together with useful advice and guidance at each arrears action stage.

- 2.6 We work in partnership with local authorities, the Department for Work and Pensions (DWP) and other agencies in relation to housing benefit, Universal Credit and CAB/AFTAR services to promote effective management of arrears and other debts.

3.0 HOUSING (SCOTLAND) ACT 2010 – THE SCOTTISH SOCIAL HOUSING CHARTER (THE CHARTER)

- 3.1 The Scottish Social Housing Charter (the Charter) was introduced in April 2012 and sets outcomes and standards social landlords should achieve. The purpose of the Charter is to help improve the quality and value of services social landlords provide, supporting Scottish Government aims of creating a ‘Safer and Stronger’ Scotland. We take full cognisance of the Charter in our policy development.

- 3.2 In relation to **Charter Standard 13: Value for Money:**

‘Social Landlords manage their business so that:

tenants, owners, and other customers receive services that provide continually improving value for the rent and other charges they pay’.

We aim to ensure tenants receive value for money in our rent setting process; additionally, we will efficiently manage our costs and services.

- 3.3 In relation to **Charter Outcomes 14 & 15: Rents and Service Charge:**

‘Social landlords set rents 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 the thresholds agreed between landlords and tenants.

We provide detailed information to tenants on how rents and service charges are set and consult tenants annually on the rent review.

- 3.4 In relation to **Charter Outcome 2 – Communication**

‘Social Landlords manage their businesses so that’:

- 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’.

We aim to ensure that tenants and customers find it simple to contact us, in relation to management of arrears staff offer confidential office interview facilities or home visits.

3.5 In relation to Charter outcome 3 - Participation

'Social Landlords manage their business so that':

- tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with'.

4.0 ARREARS PREVENTION

4.1. Effective arrears prevention helps to maximise rental income, with a number of preventative measures utilised including: -

- new tenants receive information on rents and service charges, are advised of the wide variety of payment methods available and an assessment of housing benefit or universal credit is offered with assistance provided in making appropriate digital claims.
- new tenants and housing applicants are offered advice and assistance through our AFTAR project which provides support in relation to benefits/money and debt advice. The Digital Inclusion Coach helps with online applications including job applications or CV's and benefit claims (including universal credit). The Energy Advisor provides information on utility suppliers, tariff options and warm home discount. This packaged service provides essential support in relation to tenancy sustainment.

4.2 Early intervention will include prompt and personal contact when arrears arise including home visit, office interview, telephone contact and SMS text message. Proactive arrears prevention measures are included in our regular newsletters and information leaflets are issued with arrears letters.

4.3 We undertake settling in visits for all new tenants within two months of their moving in date. This assists in emphasising the importance of timeous rent payment. We use this opportunity to further advise on rent payment methods and to promote the AFTAR project.

5.0 ARREARS ACTIONS

5.1 Arrears letters will be issued when a tenant falls into arrears of one month's rent, and this will escalate through a suite of letters including a final warning if no payment or arrangement is made.

- 5.2 In addition to the standard arrears letters, we will make use of telephone calls, text messages and email facilities and endeavour to interview tenants either at home or in the office to discuss their arrears and confirm a repayment arrangement.
- 5.3 Housing staff will record all arrears actions in the arrears monitoring section of the rent account and the diary function will be used to document all contact with tenants to enable close monitoring of the arrears management process.

6.0 ARREARS REPORTING

- 6.1 The Association sets corporate benchmark targets for all categories of rent arrears including current tenant arrears (split by technical and non-technical arrears) and former tenant arrears.

Reports are presented to both the Housing Services Sub-committee and Management Committee on arrears performance and how this compares to benchmark targets set.

- 6.2 The Scottish Housing Regulator requires all RSL's to submit an Annual Return on the Charter (ARC) which details performance in several specific areas including rent collection and arrears management. The Scottish Housing Regulator issues a Landlord Report annually which we provide to tenants together with our Annual Performance Report. This report provides tenants with key information on our rent collection and arrears performance compared to other social landlords.
- 6.3 LHA is responsible for meeting the standards and outcomes set in the Charter. We are accountable to tenants and other customers to ensure good performance, with action plans required if benchmark targets are not achieved. Our key aim is to ensure tenants receive value for money through efficient management of costs, services and rent collection including the vital component of managing arrears and resources effectively.

7.0 CUSTOMER CARE - COMMUNICATION STRATEGY

- 7.1 Our Customer Care Strategy promotes effective communication with tenants, and all arrears contact should promote a positive rent payment culture.
- 7.2 Notification of arrears is provided in letter format, however, communication with tenants is maximised by using telephone, email and text message.
- 7.3 Tenants are provided with reminders of potential eligibility for assistance with housing costs and the importance of advising any change in circumstances.

7.4 Tenants are regularly updated on the impact of welfare reforms in our regular newsletters. We will continue to engage with tenants during the implementation process particularly for the migration from legacy benefits to full service Universal Credit.

7.5 Tenants are reminded during arrears interviews of the legal requirements in relation to joint tenancies and household members over 16's years of age (qualifying occupiers) in accordance with requirements of Housing (Scotland) Act 2001.

8.0 ARREARS MANAGEMENT/IT SYSTEM

8.1 Our rent accounting IT system supports our arrears management strategy, providing accurate information on account balances in turn facilitating prompt arrears actions.

8.2 We will monitor the effectiveness of our rent accounting IT system to ensure this provides appropriate support for monitoring and reporting on arrears management.

8.3 We will regularly review Committee reports to ensure good governance and effective controls are in place.

8.4 We will ensure staff are trained in the use of the IT system to allow quick and efficient responses to all tenant enquiries in relation to arrears management.

8.5 We will implement a cut-off date for staff of 7th of each month for payment processing to allow period end reports to be prepared for prompt arrears actions.

9.0 RENT PAYMENT METHODS

9.1 We provide a wide range of simple to use, convenient rent payment options for tenants including :-

- office payment by cash, cheque or card
- post office payments
- bank transfer
- direct debit
- standing order
- telephone payments (rent card required)
- online payment (rent card required)
- Allpay app
- direct payments of housing benefit
- direct payment from DWP

9.2 We will review rent payment methods available to ensure these respond to tenants needs and emerging technologies.

10.0 INCOME MAXIMISATION AND MONEY ADVICE

10.1 Our arrears management service includes access to housing/council tax benefit, welfare benefits and money/debt advice. Referrals are made to the AFTAR project currently running in partnership with the local CAB.

10.2 LHA recognises that housing benefit is crucial in assisting with rent arrears and we assist by verifying housing benefit claims for tenants.

In addition, we promote: -

- housing benefit payment direct to landlord where appropriate
- effective working relationships and information sharing with local authority Housing Benefit sections.

11.0 LEGAL REMEDIES

11.1 Where arrears actions are unsuccessful, or if a tenant fails to adhere to a payment arrangement to reduce arrears, legal action will be initiated.

11.2 A Notice of Proceedings for Recovery of Possession (NOP) will be issued, subject to the pre-action requirements (PAR's) being met, where no contact is made following the issue of a final warning letter. The NOP will detail the grounds for recovery and the period that the notice is valid for. The NOP will be hand delivered and copied to all members of the household over the age of 16 (qualifying occupiers) and proof of service will be signed by two members of staff.

11.3 If the tenant does not make contact and/or a repayment arrangement following receipt of the NOP, our Solicitor will be instructed to proceed with court action.

11.4 In compliance with Section 11 of the Homelessness (Scotland) Act 2003, we will advise the local authority of proposed action in accordance with agreed protocol.

11.5 Where a Decree is granted by the court, an assessment of the outstanding balance will be carried out before a decision is made to enforce the decree. Reports will be provided to our governing body on current court actions and decrees granted. Arrears following recovery of possession will be shown as former tenant arrears.

12.0 FORMER TENANT ARREARS

12.1 In order to minimise the level of former tenant arrears (FTA) we aim to:-

- ensure arrears are cleared before termination of tenancy
- ensure forwarding addresses are obtained to assist with debt recovery
- monitor FTA to ensure suitable repayment arrangements are reached

- make use of our Solicitor and Sheriff Officers debt collection services for recovering FTA
- report to Committee on FTA and recovery action taken
- make provision in the annual accounts for non-recoverable FTA
- carry out a quarterly review of aged debt with a view to writing off monies that are irrecoverable

13.0 WRITE OFF'S

13.1 There will be occasions where monies due will be assessed as being irrecoverable and the debt will be written off. Circumstances where debt will be flagged for write off are: -

- Tenant deceased (with no estate)
- Uneconomical to pursue (debts of <£100 with no payments in place)
- Recovery processes exhausted
- Sequestered debts (and other formal debt arrangement schemes)

13.2 If any of the above apply, the Housing Assistant/Officer will flag the account to the Housing Manager who will ensure the proposed write off is appropriate. They will compile a quarterly list of cases for write-off.

13.3 The write-off list will be checked and approved by the Housing Services Director with details of any debts written off reported to the next Housing Services Sub-Committee (HSSC).

14.0 POLICY REVIEW AND COMPLAINTS PROCEDURE

14.1 The Arrears Management Policy is subject to review every three years, with more regular reviews undertaken to address good practice or legislative changes.

14.2 Any grievance or complaint arising from our arrears procedures will be addressed through our formal complaints handling procedures.

Lanarkshire Housing Association Equality Impact Assessment Tool



Name of the policy / proposal to be assessed	Arrears Management Policy	Is this a new policy / proposal or a revision?	Revision
Person(s) responsible for the assessment	Craig Russell		
1. Briefly describe the aims, objectives and purpose of the policy / proposal	Sections 1&2 of the policy document outline this information		
2. Who is intended to benefit from the policy / proposal? (<i>e.g. applicants, tenants, staff, contractors</i>)	<p>This policy will assist staff by outlining how the Association approaches the collection of arrears.</p> <p>The early intervention/prevention approach will ultimately assist tenants by seeking to minimise arrears and prevent the need to take formal legal action and ultimately seeking eviction</p>		

<p>3. What outcomes are wanted from this policy / proposal ? (e.g. <i>the benefits to customers</i>)</p>	<p>The outcomes of this policy are to minimise debt to the Association through unpaid rent. Also, to assist in tenancy sustainment by managing arrears through early intervention</p> <p>Staff will also have a clear policy to work towards when managing arrears cases</p>
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<p>4. Which protected characteristics could be affected by the proposal? (<i>tick all that apply</i>)</p> <p> <input type="checkbox"/> Age <input type="checkbox"/> Disability <input type="checkbox"/> Marriage & Civil Partnership <input type="checkbox"/> Pregnancy/Maternity <input type="checkbox"/> Race <input type="checkbox"/> Religion or Belief <input type="checkbox"/> Sex <input type="checkbox"/> Gender Reassignment <input type="checkbox"/> Sexual Orientation </p>

<p>5. If the policy / proposal is not relevant to any of the protected characteristics listed in part 4, state why and end the process here.</p> <p>This policy is based upon an escalation process for the collection of debts to the Association. It is applied consistently for all tenants and in line with LHA's Equality Policy. This should ensure there are no impacts/effects that disproportionately effect any group</p>

	Positive impact(s)	Negative impact(s)
<p>6. Describe the likely positive or negative impact(s) the policy / proposal could have on the groups identified in part 4</p>		

<p>7. What actions are required to address the impacts arising from this assessment? (<i>This might include collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts</i>).</p>	
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Signed:



Housing Services Director

Date the Equality Impact Assessment was completed: 31.10.23

Please attach the completed document as an appendix to your policy / proposal report