



Rent Arrears Policy & Procedures

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1. Introduction and Regulatory Standards

- 1.1 As rental income is the Association's main source of revenue it is crucial that payments are made by tenants on time, and any failure to do so is managed by the Association effectively and efficiently.
- 1.2 Rent arrears recovery procedures should be transparent and fair, and accommodating to tenants needs where possible.
- 1.3 All recovery action must meet appropriate legal and regulatory standards.
- 1.4 Early intervention in rent arrears is vital to ensure that relevant support and advice can be offered and rental loss is minimised.
- 1.5 A Key Performance Indicator (KPI) is monitored for rent arrears as a percentage of rent receivable. The Housing Services Manager will monitor arrears recovery performance and this is presented to the Services Sub-Committee.
- 1.6 The Association recognises that many tenants may endure financial hardship therefore eviction action will be a last resort. As a social landlord the Association must balance being empathetic to tenants in financial difficulties with its responsibilities to its wider customer base. The Association must be fully satisfied that all other options have been explored before the eviction of any tenant.

1.7 Relationships to Other Policies

- 1.8 This policy exists in relation to other Yorkhill Housing Association policies:
 - Rent Setting Policy
 - Affordability Policy

1.9 Scottish Social Housing Charter

- 1.10 The Scottish Social Housing Charter sets standards that the Association should

meet and the following are relevant to rent arrears recovery:

- 1.11 **Outcome 1:** *“every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.”*

To meet this outcome the association will:

- Ensure that every tenant is treated with respect and supported wherever possible by provision of good money, benefits and debt advice and assistance, and signposting to support networks or agencies where necessary.

- 1.12 **Outcome 11:** *“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 by other organisations.”*

To meet this outcome the association will:

- Provide all tenants with information on where to seek independent advice from other agencies, or by the association, throughout the arrears recovery process.

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

To meet this outcome the association will:

- Ensure that arrears are kept as low as possible by following an efficient arrears recovery process balancing tenants need with the wider responsibility of being a social landlord.

2. Pre Action Requirements

2.1 The Housing (Scotland) Act 2010 introduced Pre-Action Requirements that landlords must satisfy before serving a Notice of Proceedings for Recovery of Possession. These requirements are:

1. *The landlord has provided the tenant with clear information about the terms of the tenancy agreement, the outstanding rent and any other outstanding financial obligation of the tenancy, including a description of any charges likely to be incurred if the money due is not paid.*
2. *The landlord has made reasonable efforts to provide the tenant with advice and assistance on whether the tenant may be able to get housing benefit or other financial help (such as benefits or grants).*
3. *The landlord has provided the tenant with information on where to go for debt advice and assistance.*
4. *The landlord has made reasonable efforts to agree with the tenant a reasonable plan for paying the money due and paying the rent in the future.*
5. *The landlord has asked the tenant if they have made an application for housing benefit [or Universal Credit] and, if they have done, the landlord has considered the likely effect of that application on the money due.*
6. *The landlord has considered whether the tenant is taking any other steps to pay the money due.*
7. *The landlord has considered whether the tenant is keeping to an agreed plan for paying the money due and continuing to pay the rent.*
8. *The landlord has advised the tenant to contact their local authority about their housing situation.*

3. Procedures

- 3.0 These procedures should be followed to ensure effective recovery of arrears however the association recognises that individual's circumstances may vary and as such staff may be flexible in this process and use discretion to deviate where appropriate.

3.1 Management and Audit

- 3.2 Rent accounts should be monitored by the Housing Management Team on an on-going basis to ensure that payments are received when expected.

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- 3.3 The Association's new IT system, Homemaster, will be used to monitor arrears cases. The system automatically creates arrears cases based on the tenant's balance, and staff will monitor cases and log actions through this system.

- 3.4 The Housing Management Team will monitor these cases on a daily basis where required and take appropriate action under this Policy where necessary.

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- 3.6 The Housing Services Manager will carry out an audit of prints and will make recommendations where necessary to ensure effective recovery of rent arrears.

3.7 Arrangements

- 3.8 Tenants should be asked initially to clear the full balance at all stages of the recovery process however it is understood that a limited income may make this difficult, therefore a repayment arrangement may be made on the following conditions:

- The minimum repayment towards arrears is equivalent to at least £5.00 per week in addition to the full rent being covered by either the tenant or

by any benefits.

- Any reduction in benefit entitlement must be made up by the tenant to maintain the arrangement.
- The repayment arrangement will take no longer than 12 months to fully repay the arrears.

3.9 When making an arrangement with a tenant the affordability of the payments must be considered, therefore there should be a discussion on their income and expenditure, and if necessary written calculations of their available income should be prepared and scanned.

3.11 Payments under the arrangement should be monitored and where appropriate a '**Reminder Letter**' or text should be sent, thanking the tenant for their payment and reminding them of their next payment due date.

3.12 If there are any missed or short payments a '**Broken Arrangement 1**' letter requesting the payment within 7 days, in addition to other attempts to contact – telephone, text messaging, house visits etc.

3.13 If the payment is not made a further letter '**Broken Arrangement 2**' letter should be sent offering an office appointment as soon as practical (enough time for posted letter to be received).

3.14 Failure to attend this appointment should be followed up by either a '**Did Not Attend Appointment**' letter, or proceed with joining the Current Tenant Arrears procedure by sending a '**PreNOP Letter**' (pre-Notice of Proceedings).

3.15 New Tenant Arrears Recovery

3.16 A rent payment arrangement should be made at point of signup and the new tenant reminded of their obligations to pay their full rent in advance in line with their Tenancy Agreement, regardless of any pending Housing Benefit or Universal Credit entitlement. However the Association recognises some tenants

may find it difficult to pay their full rent in advance, especially if they are in receipt of benefits, therefore flexible arrangements to bring the account into advance can be made if necessary.

- 3.17 New tenants who fall into arrears should be sent the '**New Tenant Arrears Letter**' as soon as a payment is missed requesting the payment is made within 7 days. If the tenant fails to make this payment the Housing Management Team will progress with the Current Tenant Arrears Recovery Procedures.

All new tenants will receive a New Tenant Visit by the Tenancy Services Assistant, and any issues relating to money, debt, or rent can be referred to the Association's Welfare Rights Officer or Energy Advisor, or referred to advice agencies such as Drumchapel Money Advice where appropriate.

3.18 Current Tenant Arrears Recovery

Arrears will be monitored using the Association's IT system, Homemaster. This includes the production of letters, monitoring through its Arrears Management module, sending and receiving text messages and emails, and reporting mechanisms. This ensures all information is kept centrally, and securely.

- 3.19 A tenant with no formal arrangement, or who does not respond to the New Tenant Arrears Procedures, and is in arrears, will be sent '**Arrears Letter 1**' requesting a payment to clear the full balance and to bring the account to a month in advance within 7 days, or to contact the office.
- 3.20 If after 7 days there has been no suitable payment, or if the tenant has failed to contact and make a suitable repayment arrangement '**Arrears Letter 2**' will be sent with an office appointment made as soon as practical (enough time for posted letter to be received).
- 3.21 If the tenant does not attend the appointment, make a suitable payment, or contact the office to make a suitable repayment arrangement '**Arrears Letter 3**'

will be sent offering a further office appointment made as soon as practical (enough time for posted letter to be received) but no more than 7 days.

3.22 If the tenant does not attend this appointment a '**PreNOP Letter**' (pre-Notice of Proceedings) will be sent requesting the tenant makes a full payment to clear the arrears and bring the account to a month in advance by a set date within 7 days.

3.23 If the tenant does not make a sufficient payment to clear the arrears, or contact the office to make a suitable repayment arrangement, a '**Notice of Proceedings for Recovery of Possession**' will be served if the following criteria has been met:

- Arrears Letters 1, 2, and 3, and PreNOP letters have been served since the arrears began, and the arrears have not been cleared at any point during this process.
- Further attempts to contact the tenant have been made during the process – house visits, telephone calls, text messages, and emails – and have been unsuccessful.

The Housing Services Manager must authorise the serving of a NOP, and must sign the document and an accompanying appointment letter, and the certificate of service.

3.24 Court Action

3.25 Following service of the NOP further attempts to contact the tenant and agree a repayment arrangement will continue. This will include house visits (no access will be followed up by a '**House Visit No Access (NOP Served)**' letter being served), and office appointments with either the Housing Officer ('**Appointment Letter (NOP Served)**') or Housing Services Manager ('**Managers Appointment Letter**') depending on the balance.

3.26 Non-attendance to these appointments will be followed up by a '**Did Not Attend**

Appointment' letter requesting contact as soon as possible.

- 3.27 Once the NOP is live the Housing Services Manager will decide if court action is to be initiated. The current position of Scottish Courts, and Sheriffs Principal guidance, will be taken into account in this decision.
- 3.28 If court action is to be taken the Association's solicitors should be notified and the '**Referred to Court**' letter sent to advise the tenant of the action taken. All legal action following the Notice of Proceedings must be reported to the Management Committee or delegated Sub Committee.
- 3.29 The tenant will be notified of the court date once this has been set by sending the '**Court Date**' letter.
- 3.30 Attempts will still be made to set a suitable repayment arrangement before the court date and the instructions sent to the Association's solicitors prior to court will depend on the suitability of payments. The appropriate court outcome letter will be sent following each court date (Continuation/Sist/Decree for Eviction/Decree for Expenses Only)
- 3.31 A report will be presented to the Association's Management Committee with sufficient information before an eviction is instructed. Once approval has been granted the Association will notify the tenant of the pending eviction. The eviction will only be halted upon the balance being cleared in full, or by agreement of the Housing Services Manager.

3.32 Housing Benefit & Universal Credit

- 3.33 No action will be taken on arrears which are solely due to payments of Housing Benefit or Universal Credit which have been scheduled and not yet released for payment. These are known as Technical Arrears and are excluded from performance calculations, and from regulatory returns.
- 3.34 Any suspension of Housing Benefit or Universal Credit should be followed up by the Housing Management Team as soon as possible and recovery action may

commence immediately. Note that a Notice of Proceedings for Recovery of Possession must not be served where it is expected that there is a forthcoming payment which will significantly reduce the arrears – i.e. removal of suspension and backdated Housing Benefit entitlement, commencement of Universal Credit payments, where once received the arrears will reduce below £500.00.

3.35 The Housing Management Team will consider requesting payments of Housing Benefit and Universal Credit Housing Costs to be made directly to the landlord if arrears arise.

3.36 The Housing Management Team will consider use of Arrears Direct payments, or Managed Payments to Landlords to reduce arrears where appropriate. Tenants should be notified when this decision is taken.

4. Reporting & Review

- 4.1 On a monthly basis statistical analysis reports will be generated to monitor performance of the recovery action. The information gathered will be:
- Number of Cases
 - Less than £1,000
 - £1,000 and over
 - Target %
 - Actual %
 - Number and Category of Current Actions
 - Age of arrears
- 4.2 Performance reports are presented to the Services Sub-Committee on a quarterly basis.
- 4.3 The effectiveness of this policy on the recovery of the arrears will be reviewed on an annual basis.

5. Tenants Right to Withhold Rent

- 5.1 No action for arrears recovery will be taken on a tenant who is legitimately withholding rent as a result of a grievance with the Association, providing the following conditions are met;
- The tenant must state their intention to withhold rent in writing, with a full explanation.
 - The tenant must demonstrate that rent is being held by a responsible and independent third party e.g. bank or solicitor.
 - The tenant must agree that all arrears will be paid in full when the grievance has been resolved.
- 5.2 The Association will acknowledge the tenant's right to withhold rent within the circumstances described above and will take action to remedy the situation where necessary.
- 5.3 Housing Management staff will ensure that the Management Committee is advised of the circumstances, and that staff concerned are taking appropriate action.
- 5.4 If the Association considers the tenant does not have a valid reason for withholding rent, a full and written explanation will be provided for the tenant before normal recovery procedures are resumed.

6. Risk Assessment

No	Risk	Grs L'hd (1-5)	Grs Imp (1-5)	Grs Risk Totl	Managed by (key systems / processes):	Lead Individual	Net L'hd (1-5)	Net Imp (1-5)	Net Risk Totl	Action Required
	Strategic Risks									
1.	Poor rent arrears management	3	5	15	Arrears Management Policy. Effective service delivery including Welfare Rights advice/signposting. Income/Expenditure forms completed.	GK / HM Staff	2	2	4	Ongoing monitoring of rent accounts and auditing by HSM. Review of Arrears Management Policy
2.	Errors in rent charge management	1	4	4	Arrears Management Policy. Effective rent charge monitoring. Effective auditing of process.	GK / HM Staff	1	3	3	Ongoing monitoring of rent accounts and auditing by HSM. Review of Arrears Management Policy
3.	Impact of Welfare Reform (Universal Credit)	4	4	16	Arrears Management Policy. Effective service delivery including Welfare Rights advice/signposting. Ongoing learning of developments	GK / HM Staff	3	3	9	Review of Arrears Management Policy. Effective arrears control.
4.	Potential reduction in HB entitlement due to introduction of 'bedroom tax' on 01/04/2013.	1	3	3	Welfare Rights Service available. Rehousing where requested.	HM / WRO	1	2	2	Ongoing Monitoring. Current Scottish Government initiative. Scottish Govt continuing to award DHP to cover shortfall

7. List of Letters

1. Arrangement Letter
2. Reminder Letter
3. Broken Arrangement 1
4. Broken Arrangement 2
5. New Tenant Arrears Letter
6. Arrears Letter 1
7. Arrears Letter 2
8. Arrears Letter 3
9. House Visit No Access
10. PreNOP
11. NOP
12. House Visit No Access (NOP Served)
13. Appointment
 - a. Appointment Letter (NOP Served)
 - b. Managers Appointment Letter
14. Did Not Attend Appointment
15. Referred to Court
16. Court Date
17. COURT OUTCOME – Continuation
18. COURT OUTCOME – Sist
19. COURT OUTCOME – Decree (Eviction)
20. COURT OUTCOME – Decree (Expenses)
 - a. Expenses Decree Received
21. Recall Sist
22. Eviction Scheduled
23. Financial Information Sheet