

Organisational Policy

Group Debt Management Policy

Our Commitment

Argyll Community Housing Association Group is committed to provide equal opportunities across all services and to avoid discrimination. This policy is intended to assist Argyll Community Housing Association (ACHA) and Argyll Homes for All (AHFA) to put this commitment into practice. Compliance with this policy should also ensure that employees do not commit unlawful acts of discrimination.

This policy can be made available in other formats, for example in large print, audio-format or Braille: the document may also be available in other languages, in full or summary form, as appropriate.

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1. Section 1 – Context

- 1.1 This policy sets out the legal framework and the key principles that Argyll Community Housing Association (ACHA) will use to prevent and manage debts. This includes, but is not limited to, current and former tenant rent arrears (including service charges) legal expenses, rechargeable repair, factoring and other miscellaneous debt.
- 1.2 The purpose of this Policy is to ensure that all reasonable steps are taken by ACHA to collect monies due. Preventing and managing debt is key to ACHA being able to deliver high quality services to all our tenants, owners and customers and maintain and improve our housing stock.
- 1.3 Our staff are committed to supporting tenants, owners and customers from the earliest opportunity when they find themselves unable to pay monies owed. We will work with them to understand their needs and we will provide advice, information and support and, where appropriate, we will refer to other agencies that can provide additional support.
- 1.4 The Scottish Social Housing Charter (SSHC) sets standards and outcomes that describe the results that our customers can expect. Those of most relevance to the Debt Management Policy are:
 - Outcome 1 – Equalities
Social landlords perform all aspects of their housing services so that:
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.
 - Outcome 11 – Tenancy Sustainment
Social landlords make sure that:
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.
 - Outcome 13 – Value for money
Social landlords manage all aspects of their businesses so that:
Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay
 - Outcome 14 & 15 – Rents and Service Charges
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.*

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- *tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.*

2 Section 2 – The Law, Good Practice and Links to Other ACHA Policies and Strategies

2.1 In order to effectively deliver the aims and obligations of this policy ACHA will meet the requirements of the following: -

- Housing (Scotland) Act 2001
- Housing (Scotland) Act 2010
- Housing (Scotland) Act 2014
- The Homelessness etc. (Scotland) Act 2003
- The Property Factors (Scotland) Act 2011
- Tenements (Scotland) Act 2004
- Title Conditions (Scotland) Act 2003
- Bankruptcy Scotland Act 1985
- The Bankruptcy and Diligence (Scotland) Act 2007
- Bankruptcy and Debt Advice (Scotland) Act 2014
- Debtors (Scotland) Act 1987
- Debt Arrangement and Attachment (Scotland) Act 2002
- The Debt Arrangement Scheme (Scotland) Regulations 2011
- The Protected Trust Deeds (Scotland) Regulations 2013
- The Welfare Reform Act 2012
- Human Rights Act 1998
- Data Protection Act 2018
- UK General Data Protection Regulation (UK GDPR)
- Equality Act 2010
- The Performance Standards for Registered Social Landlords in Scotland as detailed in the Scottish Housing Charter

2.2 When referring to this policy, there are links to a number of other ACHA policies which include, but are not limited to the following:

- The terms of the Scottish Secure Tenancy Agreement and any other lease or agreement in place
- Void Management Policy
- Allocation Policy (HOME Argyll)
- Rent Setting Policy
- Service Charge Policy
- Repairs Policy

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- Factoring Policy
- Estate Management Policy
- Tenancy Sustainment Policy
- Vulnerable Adult's Policy
- Group Equalities and Human Rights Policy

3 Section 3 – Our Policy Aims and Objectives

- 3.1 The aim of the policy is to minimise all tenancy and other debt that is due to ACHA and to provide advice and assistance to our tenants, owners and customers when it does. Staff will do this through a supportive and effective approach to the payment of debt which continues to focus on sustaining tenancies whilst maximising income due.
- 3.2 The policy and associated procedures aim to ensure that the following principles are complied with in the management of debt:
- To provide good quality pre-tenancy advice and assistance.
 - Communicate clearly to tenants, owners and customers the cost of the service, both their and our responsibilities, and our approach to collecting income and the consequences of non-payment.
 - Ensure that tenants, owners and customers have the information, support and advice that they need to maximise their income and prevent or minimise debt.
 - Ensure effective liaison with other agencies such as Argyll & Bute Council, Department of Working Pensions, Citizens Advice and other support projects.
 - To ensure we have collection methods that are simple and convenient and meet our tenant, owner and customer needs.
 - To identify arrears at an early stage.
 - To instigate legal proceedings when all other options have been exhausted.
 - Treat all tenants, owners and customers fairly and equally, be accessible, accountable and to listen and respond to their needs.
 - To follow specific write off procedures and the provision for bad debt.
 - To provide quality data to support performance management and reporting and provide an up to date overview of debt.
 - Our processes will comply with our legal obligations as a landlord.

4 Section 4 – Implementing Our Policy Objectives

4.1 New Tenants, Owners and Customers

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We aim to ensure that tenants, owners and customers are fully aware of what they have to pay, when they have to pay and how they will be charged at the start of their relationship with ACHA.

We will always discuss the contractual obligations of the tenancy or other relevant agreement with them before they sign any contract or agreement with us. This is to ensure that they are fully aware of the obligations that they are agreeing to from the very start, and the implications of not keeping to their agreement to pay the charge due.

We will provide information on rent/service charges levels prior to the start of any tenancy. All ACHA tenants will be offered an appointment with our Welfare Rights Officer.

For factored owners we will clearly explain the charges due as detailed in the Statement of Factoring Services.

For all tenants, owners other customers we will ensure any debt due is clearly communicated. Whenever possible we will provide advance notification of charges relating to rechargeable repairs and photographic evidence will be taken of all such incidences.

4.2 **Payment Methods**

Tenants, owners and customers will be provided with a range of accessible payment methods. Direct debits will be promoted where possible.

Tenants who advise that they will pay their rent by housing benefit / universal credit will be offered assistance with completing applications.

4.3 **Managing Debt**

There will be occasions when a tenant, owner or customer either cannot or will not pay monies due to ACHA. If they fall into debt, we will encourage them to engage with us at the earliest opportunity, in order that we can help prevent the debt from increasing and becoming difficult to manage.

We will work with them in order to agree a suitable and timely payment of the debt, and this will include options for affordable repayment arrangements. Advice will be provided at all times and we will make it clear the consequences of non-payment.

We will signpost to other agencies and organisations on matters relating to debt and we will facilitate referrals to relevant support agencies.

We will keep records of all contact we make with tenants, owners and customers and the outcomes that we have agreed with them.

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Our staff will be provided with robust but fair debt management procedures to follow, with early intervention a key element within our processes.


4.4 Proceeding with Formal Action

If a tenant, owner or customer fails to respond to communications and no suitable arrangements are in place for the debt to be paid, we will follow our debt escalation processes.

We will consider all options available to us for managing debt, including the following:

- 4.4.1 **Court Action and Eviction** – Current ACHA tenants and their qualifying occupiers will be issued with a Notice of Proceedings for Recovery of Possession, in accordance with the terms of the Housing (Scotland) Act 2001.
- 4.4.2 **Simple Procedures** – this is a court process designed to provide a speedy, inexpensive and informal way to resolve disputes.
- 4.4.3 **Earnings Arrestment Order** – instructs an employer to deduct money straight from wages.
- 4.4.4 **Bank Arrestment** – monies from the debtor's bank account is frozen and becomes inaccessible.
- 4.4.5 **Heritable Property** – where a debtor has a heritable property that they are leasing, ACHA can apply for an arrestment of a percentage of that income.
- 4.4.6 **Use of Debt Collectors** – Where appropriate, ACHA will use third party debt collection agents to trace and recover monies due. Any third party agent used will be bound by the appropriate Industry code of Conduct for debt collection activities.

Each case will be managed individually, taking into account the circumstances of the case.

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- **Current Tenant Rent and Service Charge arrears** – Legal action will be taken as a last resort once other options have proven to be ineffective. In all cases ACHA will carry out a Pre-Action Requirements to satisfy that this serious action is necessary.
 - **Current Tenants, Owners and Customers debt** – This relates to rechargeable repairs, service charges, factoring fees, legal fees and other miscellaneous debt owed to ACHA. Further legal action will be taken as a last resort, if other options have proven to be ineffective. The type of action taken will be dependent on the level of outstanding monies due to ACHA.

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- **Former Tenant / Owner / Customer** – Former debt arises when the tenancy is terminated with rent or other charges owed (e.g. service charges, re-chargeable repairs, etc). Owners and other customers may also accrue debt that is still recoverable after the relationship with ACHA has ended. (e.g. service charges, re-chargeable repairs, factoring fee, etc).

It is our aim that preventative action and our robust debt management procedures will minimise the levels of former debt. However, where debt does exist attempts will be made to contact the former tenant, owner or customer through written communication, telephone/text and where appropriate, home visits, prior to further legal proceedings being considered. If all attempts fail, ACHA will consider all options available for managing debt.

Where a former tenant has tenancy related debt outstanding then this may prevent them from a future tenancy.

4.5 Writing off Debt

A debt may be written off where it has been deemed to be irrecoverable. We will write off debt periodically in line with our Debt Write Off Policy.

In terms of Sequestration & Bankruptcy, where ACHA is notified of a bankruptcy the rent arrears affected by the bankruptcy will be written off from the rent account.

5 Section 5 – Performance management

- 5.1 We will regularly analyse data in order to monitor the effectiveness of our debt management policy and procedures.
- 5.2 Reports will be submitted to the Board of Management, based on the performance measurements used by ACHA.
- 5.3 We report each year to the Scottish Housing Regulator on the following:
 - Percentage of the court actions initiated which resulted in eviction and the reasons for eviction.
 - Rent collected as percentage of total rent due in the reporting year
 - Gross rent arrears (all tenants) as a percentage of rent due for the reporting year
 - Average management fee per factored property
 - Percentage average weekly rent increase to be applied
 - The number of households for which landlords are paid housing costs directly

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- Amount and percentage of former tenant rent arrears written off

This allows us to analyse our performance over time and also in relation to how other RSLs in our peer group have performed.

- 5.4 We carry out a regular customer satisfaction surveys which measures levels of satisfaction in many areas including:
- Percentage of tenants who feel the rent for their property represents good value for money.
 - Percentage of factored owners satisfied with the factoring service they receive.

The outcomes of these are reported to all our customers and to the Scottish Housing Regulator.

6 Section 6 - Development and Training

- 6.1 ACHA is committed to training and developing staff in order that they have a good knowledge of the policy, procedures and systems in place for dealing with debt.
- 6.2 Awareness sessions are made available to Governing body members on request as part of their development plan.

7 Section 7 – Equality & Diversity

- 7.1 Tenants, owners and other customers will have their individual needs recognised, are treated fairly, with respect and receive fair access to our services, regardless of age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation (collectively referred to as ‘protected characteristics’ in the Equality Act 2010). ACHA opposes, and shall adopt a zero tolerance stance towards, all forms of unlawful discrimination, harassment and victimisation.
- 7.2 We will deliver accessible services that take account of the needs of individual tenants, owners and service users by making information available in plain language and/or other languages as appropriate; providing interpreting and signing services; and making reasonable adjustments to services, as appropriate

8 Section 8 - Dealing with Complaints

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- 8.1 We value complaints and endeavour to use information from them to help us improve our services. We will actively seek feedback by monitoring customer compliments, complaints and appeal outcomes relating to debt management to identify and respond to emerging trends.
- 8.2 Complaints relating to how we have applied this Policy will be dealt with in line with our complaint handling procedure. Complaints can be made if we fail to apply this policy properly or do not meet our organisational standards.

9 Section 9 – Consultation and Review

- 9.1 This policy will be reviewed every five years or earlier if required due to changes in legislation or regulatory requirements.
- 9.2 The Policy will be reviewed in consultation with ACHA tenants and wider stakeholder partners.

10 Section 10 – Confidentiality and Data Protection

- 10.1 All information provided by customers will only be used for the purpose provided. We will ensure that we meet the requirements of the Data Protection Act 2018 and UK GDPR (General Data Protection Regulation). We will process and retain personal information in compliance with current data protection legislation and regulations.

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