

## Public Policy

### Arrears Monitoring and Management Policy

#### ***Our Commitment***

*Argyll Community Housing Association is committed to provide equal opportunities across all services and to avoid discrimination. This policy is intended to assist ACHA 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.***

## Public Policy

### Arrears Monitoring and Management Policy

<b>Contents</b>	<b>Page</b>
Section 1: Context	3
Section 2: Law and good practice guidance	4
Section 3: Our policy objectives	7
Section 4: Implementing our policy objectives	7
Section 5: Performance management	12
Section 6: Development and training	13
Section 7: Our positive action initiatives	14
Section 8: Dealing with complaints	14
Section 9: Consultation and review procedures	14
Section 10: Confidentiality and data protection	15

#### **Note**

Within this document ACHA is referred to in general as “we”. Also, Housing Benefit is used to describe benefit that tenants may be in receipt of to assist with housing costs. The name of the benefit may change during the lifetime of the Policy.

## Public Policy

### Arrears Monitoring and Management Policy

#### Section 1 - Context

The Association aims to minimise the level of tenant arrears in a sensitive and effective manner. This document sets out the approach we will take to effective arrears management. It details the procedures staff should follow in terms of arrears prevention, arrears recovery and taking legal action on rent arrears. The policy will be reviewed in 2016.

Section 2 is an important section that explains the main legal duties that we meet in providing our services, as well as relevant good practice.

Section 3 is a core section that describes our policy objectives. This section takes the form of a coherent set of policy principles that are applied to all relevant organisational services. This ensures, in turn, that we meet and promote law and good practice guidance.

Section 4 describes how we implement our objectives into practice in terms of the operational tasks and functions we carry out.

Section 5 examines how we monitor arrears performance in practice. This is done by incorporating a range of performance indicators.

Section 6 outlines the various types of development and training activities that we consider for employees and Board Members.

Section 7 describes what actions we take to promote equal opportunities. The technical name for these actions is “positive action.”

Section 8 sets out how tenants and/or service users can raise complaints if matters concerning arrears issues. This is in line with our organisational values to promote rights to a fair hearing.

## Public Policy

### Arrears Monitoring and Management Policy

Section 9 describes our consultation methods with tenants and service users, as well as how we review the policy.

Section 10 explains our commitments to confidentiality and data protection in respect of equal opportunity data that we collect.

#### **Section 2 - The law and good practice**

We will ensure that the Arrears Monitoring and Management Policy meets with legislative and good practice requirements in minimising rent arrears. This will include the following:-

##### **2.1 The Tenancy Agreement**

It is our duty to enforce the terms of the Scottish Secure Tenancy Agreement that we have with tenants to protect the interests of the Association. In particular Section 1.5.1 which says:

“The rent is **£<Rent>**, payable weekly in advance on or before the first day of each rental period.”

##### **2.2 The Housing (Scotland) Act 2001**

Where legal action is taken to recover arrears, we will comply with the rules as specified in the Housing (Scotland) Act 2001.

##### **2.3 The Data Protection Act 1998**

The information we hold on individuals needs to comply with the Data Protection Act 1998. This is covered in Section 10 of this policy.

## Public Policy

### Arrears Monitoring and Management Policy

#### **2.4 Matrimonial Homes (Family Protection) (Scotland) Act 1981**

We will comply with the terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 when providing advice on the occupancy rights to people whose home is at risk due to eviction.

#### **2.5 The Housing (Scotland) Act 1987**

We will comply with the Housing (Scotland) Act 1987 when providing advice to people whose home is at risk due to eviction.

#### **2.6 The Homelessness etc. (Scotland) Act 2003**

We will comply with the Homelessness etc. (Scotland) Act 2003 when providing advice to people whose home is at risk due to eviction.

#### **2.7 The Debt Arrangement and Attachment (Scotland) Act 2002**

In the event that legal action is required, we will comply with the Debt Arrangement and Attachment (Scotland) Act 2002.

#### **2.8 Pre-Action Requirements**

We will abide by the Pre-Action regulations, as brought into force in August 2012 to ensure that prior to any action being taken, adequate attempts to contact tenants and resolve arrears have been made.

### Arrears Monitoring and Management Policy

#### 2.9 The Scottish Social Housing Charter

As required by Section 31 of the Housing (Scotland) Act 2010, the Scottish Ministers, in the Scottish Social Housing Charter, set the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The Charter was approved by resolution of the Scottish Parliament in 2012, has effect from 1 April 2012 and continues to have effect until the Parliament approves a revised Charter. Before submitting the Charter to the Scottish Parliament for approval, and as required by section 33 of the 2010 Act, the Scottish Ministers consulted the Scottish Housing Regulator; tenants and bodies representing the tenants of social landlords; social landlords; homeless persons; and other stakeholders about the content of the Charter.

With regards to arrears, the charter lays down standards in Section 13: Value for Money, as stated below:

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.*

This **standard** covers the efficient and effective management of the services that social landlords provide. It includes landlords' ability to minimise the time houses are empty; to manage arrears and all resources effectively; control costs; get value out of the contracts they let; and deliver improving value for money by increasing the quality of services with minimum additional cost to tenants, owners

## Public Policy

### Arrears Monitoring and Management Policy

and other customers.

#### **Section 3 - Our Policy Objectives**

The aim of this policy is to allow us to help our tenants if they find themselves in financial difficulties, by adopting sensitive and reasonable approaches to their individual circumstances.

This includes providing advice and assistance to tenants in arrears with their rent and other charges; introducing effective preventative measures to avoid arrears and minimising arrears efficiently.

#### **Section 4 – Implementing Our Policy Objectives**

##### **4.1 New Tenants**

- 4.1.1 Payment of rent and other charges will be discussed when new tenants are meeting with staff to sign their tenancy agreement. We will clearly explain the amount of rent and service charges they will have to pay, when rent is to be paid and the various payment options. Tenants will be provided with written information on this.
- 4.1.2 We will offer assistance with completing housing benefit forms if required.
- 4.1.3 Tenants will be told about the Association's policy on arrears. We will stress the importance of maintaining contact with us should financial problems begin to arise that affects their ability to pay rent.

## Public Policy

### Arrears Monitoring and Management Policy

- 4.1.4 We will discuss with the tenant, the likelihood of arrears arising during the course of the tenancy. If we think there is a risk of rent arrears becoming an issue we will record that and maintain regular contact with the tenant.
- 4.1.5 All tenants will be advised of sources of budgeting advice and support with debt, such as their local Citizens Advice Bureau. All tenants will also be advised of our Welfare Rights service and an immediate referral made, if necessary.
- 4.1.6 We will visit all new tenants within 6 weeks of them being allocated a house. At this visit we will review the rent position of the tenant and if rent arrears are an issue, we will give the tenants advice and assistance to help them manage the payment of their rent and any other service charges.
- 4.1.7 We will provide our tenants with a range of accessible ways to pay us. These will take into account the geography of the Argyll and Bute area and will include payment at local shops and post offices, by direct debit or standing order, internet and telephone payments.

### 4.2 - Monitoring and Recovering Rent Arrears

4.2.1 Weekly reviews of the rent accounting system will be carried out to identify tenants who are in arrears for more than two weeks so that early preventative action can be taken.

4.2.2 All tenants will be offered an automated rent account balance telephone call or text message, through advertising this service in the tenants newsletter and at times of contact. Tenants who are in the process of paying back arrears will receive a weekly automated rent account balance telephone call or text message to help them review their current agreement.



## Public Policy

### Arrears Monitoring and Management Policy

4.2.3 Contact will be made with tenants within two weeks of the first missed payment. Tenants will be sent a standard reminder letter regarding their arrears. This letter will:

- Be clear and in an appropriate format
- Provide information on the level of rent and/or service charge arrears
- Request that the tenant makes contact with ACHA in order to receive assistance and information
- Explain the implications of non-payment of rent
- Advise that repayment arrangements can be made
- Offer assistance to the tenant in seeking information and advice

4.2.4 If the tenant does not respond to this first letter, a second letter will be sent out within one week. This will advise that they must call to the local office or make telephone contact.

If there is a failure to respond to the second letter, follow up telephone calls and home visits will be made. In making home visits, consideration will be made of the potential vulnerability of tenants. If appropriate, advocacy support will be offered to the tenant.

Interviews with tenants in rent arrears will clearly establish the reason for non-payment of rent.

4.2.5 If arrears have arisen from a difficulty with a Housing Benefit claim, ACHA staff will assist the tenant, where required, in liaising with Argyll and Bute Council over this (or any other subsequent body that administers Housing Benefits).

4.2.6 If the tenant is unable to clear the rent account, discussions will be carried out to agree a repayment arrangement which is affordable for the tenant.

## Public Policy

### Arrears Monitoring and Management Policy

4.2.7 All interviews will be carried out using a standard interview form. These will allow information about tenants financial circumstances to be gathered and taken into account in calculating repayment arrangements. Tenants will be made aware of sources of independent information and advocacy on debt and benefit entitlement.

4.2.8 Tenant/s and the ACHA staff member will be required to sign the agreement. Within 3-5 days tenants will receive written confirmation of the agreement that has been reached and the next steps the Association will take if repayment arrangements are not adhered to.

4.2.9 Once repayment arrangements are in place, repayments will be monitored at each due date.

4.2.10 Records of all contact made with tenants, and the outcomes of this, will be maintained. At each stage of the process, communication with tenants through letters, telephone calls or home visits will follow a standard format. Letters alone do not constitute personal contact in terms of accelerating action. In **all cases** two attempts at personal contact should be made, one of which should be a visit or telephone call, before action moves to a higher level.

### 4.3 Legal Action

If a tenant fails to respond to communications within five weeks the Association will begin legal proceedings to recover the outstanding amount. Legal action will be taken as a last resort once other options have proved to be ineffective and in all cases will meet the Pre-Action Requirements in terms of clear resolution attempts prior to action.

Where a repayment arrangement is not adhered to for 2 complete periods of the payment schedule, and the tenant has not been in contact

## Public Policy

### Arrears Monitoring and Management Policy

to explain the reason for this, the tenant will be issued with a letter giving them 14 days to bring their instalments up to date before action is taken. If the agreement is still in default then ACHA will take the next appropriate level of action. If during this course of action, a second agreement is offered by the tenant then this should be accepted, but will reflect the new debt.

4.3.1 The first stage of legal proceedings will involve all qualifying occupiers within the property being issued a Notice of Proceedings for Recovery of Possession, in accordance with the terms of the Housing (Scotland) Act 2001.

4.3.2 This notice will be served 5 weeks prior to the date on which legal action will commence.

4.3.3 Within the period of time between a Notice of Proceedings being served and a court hearing, we will seek to continue to negotiate with the tenant, arrange repayment and inform them of appropriate sources of assistance.

#### 4.4 Former Tenant Arrears

It is our aim that preventative action and arrears procedures will minimise the levels of former tenant arrears. Where arrears do exist, attempts will be made to contact the former tenant through letters and home visits. Former tenants will be offered the opportunity to enter into repayment arrangements.

4.4.1 Where it is cost effective, legal action will be raised. If this is not viable, a report will be submitted to the Board of Management (Finance and Audit Committee) requesting that arrears be written off “without prejudice to future collection” on a quarterly basis.

## Public Policy

### Arrears Monitoring and Management Policy

The write off consists of:

Deceased with no estate – confirmation required from next of kin.

Sequestrations – usually a letter from the Accountant in Bankruptcy

Gone away no forwarding address – only after a search

Uneconomical to pursue – if all debt is less than £50.

All debt falling in to the above criteria will be detailed on the write off list and passed firstly to Senior Management Team for their approval. This list will show full names and addresses, reference number, amount and reason for write off.

When approved by Senior Management Team the full names and addresses will be removed and the amended list passed to the Finance and Audit Committee for their approval.

The Association may enter into arrangements with debt management companies for action to be taken to reclaim monies due from former tenants.

#### **4.5 Housing Benefit and Advice on Welfare Benefits**

ACHA staff will be trained to provide basic advice on housing and other welfare benefits. More detailed information on welfare rights will be available from Welfare Rights Officers.

The Association will build up good relations with Argyll and Bute Citizens Advice Bureau in order to refer tenants to that service for benefits, budgeting and debt advice. The Association will promote benefits take up to its tenants.

**ACHA recognises that there is currently a programme of Welfare Reform which is on-going. ACHA is committed to implementing actions to advise tenants of changes to benefit which may affect**

## Public Policy

### Arrears Monitoring and Management Policy

**them, and offering advice and assistance to tenants who find that their entitlements change.**

#### **Section 5 - Methods of performance management**

5.1 We will introduce a range of internal performance standards in order to monitor the effectiveness of our arrears policy and identify areas where improvements are required.

External auditors will review arrears processes on an annual basis.

5.2 Reports will be submitted to the Board of Management on a monthly basis, based on the performance measurements used by the association.

5.3 Reports will also be submitted to local Area Committees on a bi-monthly basis.

5.3 The monitoring information that the Association will use will include:

- the total amount of rent arrears
- monthly arrears as a percentage of monthly rent collectable
- total arrears as a percentage of annual rent collectable
- information to identify trends in arrears levels
- indicate the number of tenants in arrears and the duration of this
- the number of evictions carried out

#### **Section 6: Development and training**

Board of Management and Area Committee members will receive training on our arrears policies and procedures. They will also receive regular reports on the performance of the Association.

All staff involved in arrears monitoring and management will receive training appropriate to their roles and responsibilities.

## Public Policy

### Arrears Monitoring and Management Policy

Staff training will include:

- Our policy and procedure
- Awareness of the Housing Benefit System
- Basic introduction to the welfare system
- The legal processes in taking action on arrears

#### **Section 7 - Our positive action initiatives**

ACHA covers a geographically diverse area, and this can be a barrier to tenants being able to attend rent payment centres. As a result, new payment methods have been introduced which aim to eliminate any barriers. Tenants can now pay at local shops and post offices within all rural and island locations. Similarly, payments can be made by using the ACHA Freephone number and also on our website. We will continue to review payment methods to ensure that they offer the opportunity for all tenants to make payments easily and by a method suitable to their requirements.

#### **Section 8: Dealing with complaints**

All complaints are dealt with in line with our complaints procedure. In terms of this policy, complaints can be made if we fail to apply this policy properly, or don't meet our organisational standards.

We advise tenants of our complaints procedure when they become tenants of ACHA. We also advise any other service users of our complaints procedure if they want to make a complaint. Details of our complaint procedure are available at all of our offices and on our website.

We also provide information about the Scottish Public Services Ombudsman. The Ombudsman deals with complaints involving maladministration, that is, bad practice. Tenants and service users must,

## Public Policy

### Arrears Monitoring and Management Policy

in general, use our complaints procedure before contacting the Ombudsman.

#### **Section 9: Consultation and review procedures**

Our procedure for consulting with tenants and other service users in developing organisational policies is contained in our Customer Contact and Feedback Strategy 2011-2014. This strategy also sets out how we review existing policies and practices. In general, we review our Arrears Monitoring and Management Policy every three years or as required due to changes to law or good practice guidance.

#### **Section 10 - Confidentiality and data protection**

Processing of information that is held manually or in electronic format is governed by the Data Protection Act 1998. Under this Act, we are permitted to gather equality related data that are necessary for monitoring purposes. Equality data are deemed to be sensitive data and access to this information is controlled strictly within the Association. This is covered under our separate data protection policy.

<b>Policy Owner</b>	Housing & Neighbourhood Services
<b>Author</b>	Christine Johnstone
<b>Policy Creation Date</b>	
<b>Review Period</b>	3 yearly
<b>Review Committee</b>	Policy Committee
<b>Next Review Date</b>	February 2016