

# Rent Arrears Policy



## Document Control

Responsible Person	Operations Director			
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Reviewed by	Board			
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Equalities Impact Assessment	Yes	✓	No	
Added to Company Website	Yes	✓	No	
Associated Documents Considered	Yes	✓	No	

## **1. Introduction**

- 1.1. Waverley Housing's Tenancy Agreement requires rent to be paid weekly and in advance. Nevertheless, it is recognized that tenants may from time to time find it difficult to meet rent payments and believes that a sympathetic approach must be taken to tenants in rent difficulties.
- 1.2. The Arrears Policy sets out the guidelines to be used in the prevention, monitoring and control of rent arrears. References to rent arrears in this Policy also include service charge arrears.
- 1.3. The Arrears Policy takes account of the legislative requirements of the Housing (Scotland) Act 2001, as amended by the Housing (Scotland) Act 2010 and includes the introduction of Pre Action Requirements (PARs).

## **2. Aims and Objectives**

- 2.1. To minimise rent arrears by early detection and pursuing recovery in a fair, consistent, and transparent manner.
- 2.2. To advise and encourage tenants to contact the company at an early stage. An important first step in dealing with financial problems is being able to talk about them openly.
- 2.3. To provide support to the tenant, where required, e.g. with Welfare Benefit issues, and to inform tenants about their rights and responsibilities when arrears do arise. To work with external agencies to provide support and assistance to the tenant, such as Social Work, Department of Work and Pensions (DWP), Housing Benefit (HB) and Homelessness.
- 2.4. To seek to contain arrears within annual targets agreed by the governing body in conjunction with the lenders and contained within the Company's financial plan. To review performance through regular reporting to the Management Team and Board and through the Annual Return on the Charter.
- 2.5. To be open to alternative methods of rent management, including incentive schemes, which are beneficial to both the tenants and the company.

## **3. Arrears Prevention**

- 3.1. When an offer of tenancy is made, the offer letter contains details of weekly rental charges and the tenancy is accepted by the tenant with this knowledge.
- 3.2. Prior to sign-up of the tenancy agreement, applicants are advised on the Company's rental policy, rent payment methods together with advice on Housing Benefit/Universal Credit, where appropriate. Assistance with completion of a Housing Benefit/Universal Credit form is also offered.
- 3.3. Where housing benefit applies, tenants are encouraged at sign-up, so that when they submit their claim form to the Local Authority, they request a receipt, a copy of which should be lodged with us. They must also sign a mandate allowing information regarding their claim to be discussed between us and the local authority...

Where Universal Credit applies, tenants claiming this, are encouraged to request that their housing costs are paid directly to the landlord; this is done via the claimant's personal on-line journal.

- 3.4. If a housing benefit receipt has been lodged with us, contact will be made with the local authority, where no determination letter has been received identifying that benefit has been processed within the statutory 14-day timescale. If further information is required to allow processing, the tenant will be advised to ensure that this is provided.
- 3.5. All tenants who are eligible for Universal Credit payments will be listed in the daily schedules we receive from Department of Work and Pensions, allowing us to determine the rent amount we will receive for them.
- 3.6. Part-time earners claiming benefit are encouraged to pay towards their weekly rental immediately, instead of waiting for benefit to be processed.
- 3.7. Tenants are advised to contact the local authority/DWP with any changes in circumstances, i.e. any change in income or household members affecting entitlement.
- 3.8. Staff will encourage tenants with rent arrears to accept help from our Welfare Benefit Advisor, as well as external agencies, such as the local authority's Welfare Benefits Officers, local Citizens Advice Bureau and any other voluntary organisation who provide welfare benefits and money advice.
- 3.9. When arrears arise and the tenant is unable to clear these arrears in one payment, the company will usually set up affordable re-payment arrangement for recovery of arrears. The arrangement will be recorded and signed by, and copied to, the tenant. The record will identify action to be taken in the event of default. Tenants will be encouraged to provide all relevant information on their financial circumstances, so that a Financial Plan might be completed to determine affordable repayments, or to educate and assist them in budgeting skills.
- 3.10. Settling-in visits are scheduled with all new tenants within 6 weeks of the tenancy start date. Part of the visit will be to offer advice and guidance regarding rent account difficulties, where these occur.
- 3.11. The Company will undertake regular tenant profiling to ensure up-to-date records of all its tenants and household members.
- 3.12. Rent accounts are monitored on a weekly basis, ensuring early action is taken in accordance with the company's rent arrears procedure.
- 3.13. Letters will be in plain English, and account is taken of literacy issues, and other disabilities if known. Letters will be made available in different languages and use made of translators for personal contact, where this is required.

## 4. Monitoring and Control

### 4.1. Current Tenants

- (a) Arrears targets for non-technical arrears are set on an annual basis and given as a percentage of the gross annual rent debit. Arrears and legal actions being taken are monitored by the Management Team on a monthly basis and Board on a quarterly basis.
- (b) The Company operates a computerised rent arrears package, which includes Capita and RentSense. Both products produce reports and are used as part of the weekly arrears process to identify all accounts in arrears, and if any re-payment arrangement agreements have been missed.
- (c) Accounts in arrears are committed to various stages within the arrears recovery process, and action taken as required by the company's arrears procedure.
- (d) All contact with tenants in arrears will be recorded, including notes of telephone conversations and interviews. Records will be filestreamed in to electronic house files and/or held within the diary facility of the relevant rent account.

### 4.2. Former Tenants

The procedure for bringing a tenancy to an end is designed to minimise the risk of rent debt remaining and includes:

- (a) At tenancy commencement, up-to-date contact details are recorded
- (b) Maintaining contact so far as is possible with the tenant during the termination period regarding the rent account;
- (c) Identifying and advising the tenant when notice is received of termination, any outstanding rent due to the tenancy end date
- (d) Seeking forwarding addresses
- (e) Issuing reminder letters
- (f) Liaising with the local authority's housing benefit section/DWP, if applicable for any outstanding benefit due
- (g) Establishing repayment agreements
- (h) Former tenant tracing
- (i) Legal proceedings (continuance of action initiated when the tenant is still current) or consider a small claims court action.

Former tenants may be suspended from the housing register where there is an outstanding arrears balance for rent and/or service charge which is greater than one twelfth of the annual rent or service charge, until such amount is cleared or the tenant has entered into an arrangement to repay, which arrangement has been adhered to for a minimum period of three months or twelve weeks. Other tenancy-related debts may also incur suspension from the housing register.

A report on former tenant arrears recovery will be submitted to the Management Team on a monthly basis and Board on a quarterly basis. Rent arrears remaining outstanding at termination are also recorded and reported on annually in terms of the Annual Return on the Charter. Where a former tenant's arrears are uneconomic to pursue or where there is no prospect of recovery of the arrears then the debt can be reported for write off.

## **5. Pre Action Requirements (PARs)**

- 5.1. Pre Action Requirements outlined in the 2010 Act sets out landlord's obligations before service of any Notice of Proceedings for Possession, giving tenants greater protection and focusing on tenancy sustainment. Waverley Housing will adhere to PAR's which require us to:
- (a) Give clear information about the tenancy agreement and the unpaid rent or other financial obligations.
  - (b) Make reasonable efforts to give help and advice on eligibility for housing benefit/Universal Credit and other types of financial assistance.
  - (c) Give information about sources of help and advice with the management of debt.
  - (d) Make reasonable efforts to agree with the tenant a reasonable plan for future payments.
  - (e) Consider the likely result of any application for housing benefit/Universal Credit that has not yet been decided.
  - (f) Consider other steps the tenant is taking which are likely to result in payment within a reasonable time.
  - (g) Consider whether the tenant is complying with the terms of an agreed plan for future payments and;
  - (h) Encourage the tenant to contact Scottish Borders Council in relation to providing advice on their housing entitlement should they become homeless.

We will not serve a Notice of Proceedings for Possession until all of the above PARs have been undertaken. We will also not serve a Notice if:

- (a) An application for housing benefit/Universal Credit has been made but not yet determined and it is, in our opinion, likely to result in benefit being paid, or;
- (b) Tenants are taking other steps, which in our opinion, are likely to result in the payment to us, within a reasonable time of the outstanding rent and any other outstanding financial obligation of the tenancy, or;
- (c) Tenants are complying with the terms of agreed payment plans.

## **6. Legal Actions and Evictions**

- 6.1. A Notice of Proceedings under Section 14(4) of the Housing (Scotland) Act 2001 as amended by Section 155 of the 2010 Act requires to be served on the tenant and any qualifying occupants in the prescribed format specifying the following information before any court action for recovery can proceed:
- (a) grounds for recovery and giving the date, In the case of rent arrears, Ground 1 will be used – Rent lawfully due from the tenant has not been paid or any other obligation of the tenancy has been broken.
  - (b) the reasons why possession is being sought.
  - (c) the date from which recovery proceedings may be raised; and the steps taken by Waverley Housing to constitute compliance with PARs.

It will be the responsibility of the Housing Officers to ensure that PARs are met and to provide supporting evidence of this to the Head of Housing to approve issue of any Notice.

One week prior to any Court date, the relevant Housing Officer will liaise with the Head of Housing and agree, taking account of any changes in circumstances, whether or not to proceed with repossession.

- 6.2. Waverley Housing recognizes that some tenants will only engage at the eleventh hour when Decree has been granted. Such cases will be considered on its merits in terms of what tenants may be offering or are able to offer at that time, depending upon their circumstances.
- 6.3. The decision on how to proceed following tenant contact above will be determined by the Head of Housing, on presentation of all supporting evidence by the relevant Housing Officer.
- 6.4. On Decree being obtained, and authorisation by the Head of Housing to proceed with repossession.
- 6.5. Bankruptcy

Under the Bankruptcy (Scotland) Act 1985 as amended, rent arrears cannot generally be recovered through court action once a tenant has been sequestrated.

In cases where a tenant is sequestrated before the court date for eviction proceedings, Housing Officers will liaise with the Head of Housing to determine whether or not to continue with the court action for decree to evict. Each case will be considered on its merits, ultimately the decision to evict will, in any event, lie with the Sheriff should court proceedings continue.

## **7. Garage Rent and Arrears**

- 7.1. When tenants fall into arrears with a garage/lock-up rent, a notice to terminate the lease will be served and the tenant will be given 28 days' notice to vacate the garage/lock-up. This condition is contained within the garage agreement and the tenant is advised of this at sign-up.
- 7.2. Arrangements will be made following the tenancy being ended to recover outstanding debts, in terms of the company's debt recovery procedures.
- 7.3. Garages are not allocated to tenants with current or former rent arrears.

## **8. Training**

- 8.1. The company recognises the importance of recovering rent arrears and will train all staff dealing with debt recovery to assist them in dealing with tenants in a firm, fair and effective manner.
- 8.2. Staff will be trained in the legislative requirements covering debt recovery.

- 8.3. A basic knowledge of housing benefit/Universal Credit will be provided to enable assistance to be provided to tenants making a claim.
- 8.4. Staff will be trained to enable them to signpost tenants to maximise their income.

## **9. Confidentiality**

- 9.1. All records held on the computerised rent system and in house electronic files are treated in confidence and is not discussed or passed to third parties without the express permission of the tenant concerned.
- 9.2. Information required by law to process a housing benefit claim is provided to the housing benefit section of Scottish Borders Council. Information is also provided to the DWP for purposes of assessing Universal Credit applications.
- 9.3. Reports to the Board will not include information which would reveal the identity of any individual, including authorisation from Head of Housing for enforcement of Decrees.