



Linthouse Housing Association: Rent and Arrears Management Policy

Linthouse Housing Association	
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Section 1: Introduction

1.1 Rent and Arrears Management

- 1.1.1 This policy outlines how Linthouse Housing Association will provide a comprehensive rent and arrears management service. The principle aim of the policy is to ensure the efficient and effective collection of rent as our main source of income. To do this we will provide advice and support to our tenants to maximise their incomes and improve their ability to pay rent and other debts.
- 1.1.2 Our tenants have a responsibility to pay their rent on time. However, there will be occasions when failure to pay the rent may result in more serious action being taken. This includes court action and eviction.
- 1.1.3 Our strategic aim is to support tenants to sustain their tenancies. We view pursuing eviction for rent arrears as a last resort. For this reason, the emphasis in this policy is placed on a preventative approach to rent arrears.

1.2 Scope

- 1.2.1 This Policy applies to all current and prospective tenants and sharing owners of Linthouse Housing Association.

1.3 Equality and Diversity

- 1.3.1 We are committed to providing fairness and equality of opportunity in order to prevent discrimination in both the workplace and wider society. The Rent and Arrears Management Policy and recovery systems will be applied in line with our Equality and Diversity Policy to ensure that no person is discriminated on the grounds outlined in the Equality Act 2010.
- 1.3.2 We will ensure our rent collection and debt recovery methods are flexible and take into account the individual needs of our tenants and their households. Where required, appropriate arrangements will be made for communicating with our tenants.

1.3.3 This complies with the section of the Scottish Government's Scottish Social Housing Charter dealing with equalities which states that social landlords must 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 1: Equalities).

1.4 Our Mission

1.4.1 The Rent and Arrears Management Policy forms part of our mission to:

“deliver high quality and cost-effective housing services designed to meet the needs of existing and future customers. To work in partnership with others to create thriving communities that people want to live and work in”.

1.5 Our Vision and Values

1.5.1 Our vision is the creation and sustainment of lasting, unique, vibrant homes in stable, popular and ambitious urban communities. Our vision is underpinned by four core values which we apply to all areas of our business. These are to be:

- i. **Customer Driven**
- ii. **Honest**
- iii. **Accountable**
- iv. **Transparent**

1.6 Our Organisational Culture

1.6.1 Our **C.H.A.T** values as outlined, form the foundation of our **Listen, Hear, Act (L.H.A)** customer excellence and organisational culture programme. All staff receive training at induction on customer service standards and the organisational culture we promote. This includes reference to our equalities policy and a requirement to treat colleagues, tenants, contractors, service users, and any other stakeholders with dignity and respect.

1.6.2 The organisational culture we promote is based on finding solutions to suit customer needs regardless of individual differences. We will:

1. **Listen** - We are committed to listening to those we do business with, be that our customers, staff, stakeholders, regulators or funders, to ensure that our responses are reflective of what people are saying to us.
2. **Hear** - Once we listen and understand the need/demand/offer that is presented, we will ensure that we fully understand what is being said.
3. **Act** - Whilst we will think about what we do, we want to be known for acting swiftly to deliver solutions and for always keeping our promises.

1.6.3 Our Customer Service Charter aim is to ensure all of our service users receive an excellent standard of service. The Charter helps define what our customers can expect when contacting or engaging with the staff in our office. It is available on our website, direct from the office, or in other formats as required.

1.7 Policy Aim and Objectives

1.7.1 Aim

The aim of the Rent and Arrears Management Policy is to support our tenants to maximise their income and improve their ability to pay rent, thus minimising arrears.

1.7.2 Objectives

To meet this aim, the following objectives will be applied:

- Comply with all current regulatory and legal requirements when taking action and managing arrears
- Ensure action to manage rent collection is based on early intervention from the first missed payment and the prevention of rent arrears arising in the first place.
- Ensure staff support rent collection and pursue arrears with direct and personal contact with tenants as soon as arrears/issues begin.

- Ensure staff adopt a firm but fair and non-threatening approach to recovery.
- Ensure staff are aware and sensitive to the stress that financial hardship and problems relating to the payment of rent and arrears can cause.
- Offer services to maximise our tenant's income and improve their ability to pay rent and other debts, including the uptake of welfare benefits.
- Provide support and guidance either from staff and/or referral to external agencies where appropriate, to prevent homelessness at all costs.
- Only use eviction as a last resort in the recovery process and only when all other methods to tackle rent arrears have failed.

Section 2: Legal Framework and Regulatory Requirements

2.1 Our Legislative, Regulatory and Good Practice Requirements

Our approach to rent management must comply with the legislative, regulatory and good practice requirements of the Scottish Government and the Scottish Housing Regulator.

2.2 Legislative Framework: Housing (Scotland) Act 2001 and Housing (Scotland) Act 2010

2.2.1 Schedule 2 of the Housing (Scotland) Act 2001 and section 155 of the Housing (Scotland) Act 2010 provides the legal framework in relation to rent and arrears management. The 2001 Act outlines the grounds in which we can initiate legal action to recover possession of a tenancy, including for rent arrears. The 2010 Act sets out the pre-action requirements that we must satisfy before serving a notice and raising legal action. The 2010 Act also clarifies the Association's position following the court granting a decree for eviction.

2.2.2 The Scottish Secure Tenancy agreement contains the contractual obligations each tenant is required to observe. It includes the rental charge, any services charges and the frequency of payment. Appendix 1 includes a summary of further legislation relative to the recovery of rent and arrears.

2.2.3 The Housing (Scotland) Act 2001

The Tenancy Agreement

It is the responsibility of the Association to ensure that the terms of any Scottish Secure Tenancy and Short Scottish Secure Tenancy Agreements held by tenants are enforced. Section 1.4 states that: *“The rent is £... every calendar month payable by you in advance on or before the first day of each rental period.”*

Legal Action

Schedule 2 of the Housing (Scotland) Act 2001 outlines the grounds in which we can initiate legal action in order to recover possession of a tenancy, including for rent arrears.

2.2.4 The Housing (Scotland) Act 2010

Pre-Action Requirements

Section 14A of the 2010 Act sets out the pre-action requirements that we must satisfy before serving a notice and raising legal action (see Section 4.3). This includes adequate attempts to contact tenants and resolve arrears before taking any legal action.

2.3 Regulatory Standards and Outcomes

2.3.1 We are regulated by the Scottish Housing Regulator on behalf of the Scottish Government. We are required to provide the regulator with details of our performance on an annual basis. The performance indicators we report on are based on the outcomes and standards set out in the Scottish Social Housing Charter.

2.3.2 In addition to Outcome 1: Equalities outlined above, the Rent and Arrears Management Policy also considers the following outcomes and standards set out in the Scottish Social Housing Charter.

2.3.3 Outcome 11: Tenancy Sustainment. This emphasises our obligation to provide support to help tenants maintain their tenancy, including those at risk of rent arrears, stating:

- *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.*

2.3.4 Standard 13: 'Value for Money.' This emphasises the need for an efficient and effective management of services, including managing arrears and all other aspects of the business so that:

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

2.3.5 Finally, outcomes 14 and 15: 'Rents and Service Charges.' These emphasise the importance of taking into account the affordability of rents and providing information to our tenants on how the money generated from rents is spent. In addition, it highlights the association's legal duty to consult tenants and other customers about rents and service charge setting 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 other customers can afford them*
- *tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.*

2.3.6 We will ensure that rent management complies with relevant legislative, regulatory and contractual obligations. In return, we expect tenants to fulfil

their obligations to pay their rent, service charges and any other debt due to the association.

Section 3: Rent Arrears Prevention

We will seek to encourage a rent payment culture by promoting the message that the collection of rent is critical to our overall vision of creating and sustaining lasting, unique, vibrant homes in stable, popular and ambitious urban communities.

3.1 Rent Payment Methods

We will provide a range of convenient and flexible rent payment options to maximise opportunities to pay. These options will be reviewed periodically to ensure they are suited to our tenants' needs.

3.2 Pre-tenancy

We will provide clear information relating to our tenant's obligations to pay their rent from the earliest stage possible. This includes discussion during the housing application and thereafter at the application home visit stage. Where issues are identified, information will be provided of local agencies to contact for assistance. Full and complete details of the tenancy obligations to pay rent will be confirmed in the offer letter and accompanied viewing.

3.3 New Tenants

- 3.3.1 All new tenants will receive an introductory interview at the sign up of the tenancy. Comprehensive and clear information relating to the contractual terms of the tenancy agreement will be provided. This will include the obligation to pay the rent or any other financial charges which may occur as part of the tenancy and rent payment methods.
- 3.3.2 All new tenants will receive a settling-in visit within 6 weeks of the start of their tenancy. As part of the visit, our staff will assess the rent payments made and

ongoing ability to pay. Where problems are identified, we will offer support. Follow up appointments or visits will be arranged to assess progress.

3.4 Existing Tenants

- 3.4.1 We will establish and maintain personal contact with our existing tenants wherever possible. We view this as a key factor in managing rent arrears effectively.
- 3.4.2 We will ensure that all communication and publicity literature sent to our existing tenants concerning rent management and arrears, is clear, concise and simple to understand. This includes the offer of language interpretation and other formats as required.
- 3.4.3 Regular newsletter articles and routine contact with our tenants will be used to promote a rent payment culture. This will include the importance of paying rent; the support and advice available in-house and locally; the connection between rent and the quality of housing, environment, and the services we provide; and the consequences for not paying rent, including legal action and eviction.
- 3.4.4 Information about our performance in rent arrears management will be provided to tenants, for example through the annual report.
- 3.4.6 As part of our legislative requirement set out The Housing (Scotland) Act 2001, we will consult with our tenants regarding our annual rent reviews and any changes in our Rent and Arrears Management Policy.
- 3.4.7 We will promote a rent payment culture and focus on arrears prevention by providing a range of payment methods and discussing the importance of paying rent.

Section 4: Rent Arrears Recovery

We will adopt a firm but sensitive approach to arrears recovery taking into account the financial pressures placed upon our tenants and the stress coping

with rent arrears can cause. This will involve intervention at the earliest stage possible.

4.1 Early Intervention

- 4.1.1 The arrears recovery process will begin as soon as there is a missed payment and follow a comprehensive set of procedures which places personal contact as crucial to effective recovery. We will tailor our approach to our tenants' circumstances and ability to pay.
- 4.1.2 We will offer support and assistance to try to maximise incomes and improve our tenant's ability to pay and manage debts. This will include our staff working in partnership with in-house welfare rights officers and local services.
- 4.1.3 External agencies that staff can access support/sign post tenants to includes but is not exclusive to Glasgow City Council Health and Social Care Partnership; Housing Benefit; the Department of Work and Pensions; Money Matters; Jobs and Business Glasgow; Govan Law Centre; the Legal Services Agency and any other agency as felt appropriate.

4.2 Legal Action

- 4.2.1 Legal action for recovery of the property will only be initiated when all other reasonable steps to recover the rent arrears have failed.
- 4.2.2 The initial stage of legal action is to serve a Notice of Proceedings (NOP) on the tenant, joint tenant and any qualifying occupiers (persons over the age of 16 who are not the tenant) who reside in the property. Prior to the notice being served, we will make enquiries to find out if there have been any changes to the household to identify all qualifying occupiers.
- 4.2.3 We will serve the notice on the grounds for possession in relation to rent arrears laid out in Ground 1, Schedule 2, Part 1 of the Housing (Scotland) Act 2001. This states that "Rent lawfully due from the tenant has not been paid, or any other obligation of the tenancy has been broken."

4.3 Pre-action Requirements

4.3.1 Section 155 of the Housing (Scotland) Act 2010 sets out additional procedures for serving notice on a tenant to recover a property. Our Rent and Arrears Management Policy and related procedures are underpinned by the Scottish Government's Housing (Scotland) Act 2001 and 2010 Guidance for Social Landlords on Pre-Action Requirements and Seeking Repossession of Social Housing (for the full guidance see:

<http://www.scotland.gov.uk/Publications/2012/06/2337/0>)

4.3.2 The guidance outlines the pre-action requirements we need to satisfy before serving a Notice of Proceedings to recover the property. These include details of the action we have taken to resolve the arrears up to the date when the notice is served.

4.3.3 In line with this legislation, we must provide clear and accurate information in the notice on the following pre-action requirements:

- We have provided clear information to our tenant about the tenancy agreement and the unpaid rent or other financial obligations;
- We have made reasonable efforts to give help and advice on eligibility for housing benefit and other types of financial assistance;
- We have provided our tenant with information about sources of help and advice with the management of debt;
- We have made reasonable efforts to agree with our tenant a reasonable plan for future payments;
- We have given consideration to the likely result of any application for housing benefit our tenant has made that has not yet been decided;
- We have given consideration to other steps our tenant is taking which are likely to result in payment within a reasonable time;
- We have given consideration to whether our tenant is complying with the terms of an agreed plan for future payments; and
- We have encouraged our tenant to contact their local authority (where the local authority is not the landlord).

- 4.3.4 In complying with the guidance and pre-action requirements, we will ensure that all reasonable efforts have been made to try to resolve the arrears before serving the notice.
- 4.3.5 We will give consideration to any support needs our tenant may have, including difficulty in reading or understanding information. We will take reasonable steps to make sure information is communicated in a way that is easy to understand. This may include communicating via a support worker where permission has been given by our tenant.

4.4 Court Action and Eviction

- 4.4.1 We will keep our tenants informed of every stage in the legal process, up to and including court action and the date of the eviction.
- 4.4.2 We will continue to pursue the debt throughout the legal process. If no satisfactory offers are made to repay the arrears, we will request the courts grant a decree for eviction.
- 4.4.3 If the court grants an order for possession of the property for rent lawfully due as per section 16(5A) of the 2001 Act, we will end the tenancy on the date we recover possession of the property. This provides a final opportunity for an agreement with our tenant to resolve the arrears right up to the date of the actual eviction.
- 4.4.4 The Head of Customer Service will consider any actions for eviction and will make the final decision in whether or not to enforce a decree. Before making a decision, the Head of Customer Service will consider all of factors relevant to the individual's circumstances, including for example, if the household includes children or vulnerable adults.
- 4.4.5 The decree for eviction is valid for six months. Where a tenant offers to clear the rent balance to avoid eviction, this will be accepted. The Head of Customer Service will negotiate any offers made to pay a lump sum less than the outstanding balance and agree a suitable repayment arrangement. The agreement will be based on the tenants' personal circumstances, previous repayment arrangement history, and ability to pay.

4.4.6 To conclude, we will recover rent and arrears up to and including legal action for the termination of the tenancy and recovery of the property. We will take a staged approach from as soon as there is a missed payment of rent and we view eviction as a last resort.

Section 5: Former Tenant Arrears

- 5.1 If a tenant ends their tenancy and does not clear the balance on the rent account then this is classed as a former tenant rent arrear.
- 5.2 We will make every effort to pursue former tenant arrears, considering all legal remedies available to us.
- 5.3 Where there is no forwarding address or contact details for the tenant, we will not pursue debt that is less than £100.
- 5.4 Former tenant arrears write-offs will be considered annually. Authority to write-off former tenant arrears rests with our Management Committee. Recommendations to the committee will reflect the age and recovery prospects of any debts recommended for write-off.

Section 6: Shared Ownership

- 6.1 In the earlier stages, the principles and most of the procedures for rent management for shared ownership will follow those which apply to our tenanted properties. We will ensure that our sharing owners have access to the same quality of advice and assistance as applies to our tenants, including benefits advice.
- 6.2 We will contact our sharing owner's mortgage lender and work with them in cases deemed appropriate. A Co-operation Agreement with lenders will normally be in place, which lays down the principles for joint working in pursuing mortgage and rent arrears. This includes joint working with the lender in relation to court action regarding serious arrears of mortgage and/or rent.

- 6.3 Before commencing court action, a Default Notice must be served. Following this, legal advice will be taken regarding the most appropriate legal remedy. As in the case of our tenanted properties, legal action will be taken as a last resort when all other attempts to pursue the debt have failed.

Section 7: Performance Reporting

- 7.1 We will provide the Management Committee with quarterly performance reports in relation to rent collection and arrears.
- 7.2 Rent management performance figures are reported annually to the Scottish Housing Regulator in the Annual Return on the Charter. This information is made publicly available to all of our tenants in the annual landlord report.

Section 8: Policy Review and Consultation

Our Rent Management Policy will be reviewed every three years or more frequently if required. This will involve consultation with our tenants, registered tenant organisations and Management Committee.

Section 9: Complaints Procedure

Any tenant may submit a complaint if it is felt that there has been a failure to correctly apply our Rent Management Policy through our complaints handling procedure.

9.1 General Complaint Handling Procedure

- 9.2.1 Our complaint handling procedure was established by the Scottish Public Services Ombudsman (SPSO).
- 9.2.2 In accordance with housing law, we provide our tenants with thorough information pertaining to our complaint handling process. Moreover, we also advise all service users on their right to complain.
- 9.2.3 A complaint is defined as:

“An expression of dissatisfaction by one or more members of the public about the housing association’s action or lack of action, or about the standard of service provided by or on behalf of the housing association”.

Section 10: Risk Management

Our Rent Management Policy recognises that the loss of rental income and associated issues related to rent arrears is a high risk to the association.

Appendix 1: Relevant Legislation

Housing (Scotland) Act 1987

Housing (Scotland) Act 2001

Housing (Scotland) Act 2010

Scottish Secure Tenancies (Repossession Orders) (Maximum Period) Order 2012

The Scottish Secure Tenancies (Proceedings for Possession) (Pre-action Requirements) Order 2012

Debtors (Scotland) Act 1987

Debt Arrangement and Attachment (Scotland) Act 2002

Data Protection Act 1998

The Children (Scotland) Act 1995

The Human Rights Act 1998

Disability Discrimination Act 2005

Matrimonial Homes (Family Protection)(Scotland) Act 1981

Homelessness (Scotland) Act 2003

Equality Act (2010)

The Scottish Secure Tenancies (Proceedings for Possession) (Pre-Action Requirements) Order 2012

The Scottish Secure Tenancies (Repossession Orders) (Maximum Period) Order 2012

The Scottish Secure Tenancies (Proceedings for Possession) (Confirmation of Compliance with Pre-Action Requirements) Regulations 2012

The Scottish Secure Tenancies (Proceedings for Possession) (Form of Notice) Regulations 2012

Appendix 2: Equality Impact Assessment

TITLE OF POLICY:	Rent and Arrears Management Policy
Strategic Outcome:	To support tenants to maximise their income and minimise arrears
What is the purpose of the proposed Policy?	To support staff in taking a preventative approach to rent arrears and provide guidance for pursuing arrears when tenants do not pay rent.
Protected Characteristic Groups affected by the Policy	All protected characteristic groups must have access to methods for paying rent and accessing support services to maximise income and prevent rent arrears.
Who is the target audience of this policy or who is intended to benefit from the proposed policy and how? (ie. employees, service users, management committee etc.)	Employees, service users, management committee
List any existing documents, evidence, research which have been used to inform the EqlA (this must include relevant data used in this assessment)	How to adapt your approach to rent collection for universal credit (CIH, 2016) Guidance for Social Landlords on Pre-Action Requirements and Seeking Repossession of Social Housing (SG, 2012)
Has any consultation involvement been undertaken with the Protected Characteristic Groups to inform this assessment? (please provide details of who and how consulted)	Yes, tenant and service user consultation report to follow.
What is the actual likely impact?	The policy is likely to have a positive effect on staff attitude to pursuing rent arrears as the focus is on prevention of arrears happening in the first place.
How have you, or will you, put the Policy into practice, and who is or will be responsible for delivering it?	Head of Business Support will introduce the policy and related procedures, providing training and support to staff and ensuring the IT changes are made to support the new P&P.
How does the Policy fit into our wider or related policy initiatives?	To provide a holistic service to tenants which is based on tenancy sustainment to support our mission of delivering high quality and cost-effective housing services designed to meet the needs of existing and future customers. To work in partnership with others to create thriving communities that people want to live and work in
Do you have a set budget for this work?	No.