



Muirhouse Housing Association

MUIRHOUSE HOUSING ASSOCIATION

Title of Policy: Income, Rent Arrears and Debt Management

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Our Vision, Our Mission, Our Values

Our Vision is an engaged, thriving, desirable and eco-friendly Muirhouse with high quality, truly affordable and greener homes.

Our Mission - We will provide high quality, truly affordable homes and services for residents and strengthen our engagement and partnerships to enrich the community and safeguard our environment.

Our Values - In upholding our central value of providing high quality, affordable homes and services, our behaviours and decisions will demonstrate our commitment to

Excellence: Ensuring the highest standards in all that we do and innovating to continually improve. Across the MHA Group, we are committed to providing a high quality, customer focused service that demonstrates value for money.

Caring: Being compassionate about and responding appropriately to the needs of our residents, staff, and Board.

Mutual Respect: Valuing the views, knowledge, expertise, and skills of others and collaborating to achieve good outcomes for residents, staff and the Association. We will continue to be a leading member of the local community, working with our customers and statutory, voluntary, and private sector partners.

This policy applies to

Staff and Tenants of Muirhouse Housing Association.

Policy Summary

This policy sets out Muirhouse Housing Association's position regarding managing income, rent arrears and debt.

It provides clear guidelines for staff on the way in which rent is due and the approach which the Association will take to manage arrears and recover monies owed.

Rental income is the Association's primary source of income, and this policy is intended to assist with maximising that income to enable the ongoing work of the Association.

Equalities

Muirhouse Housing Association are committed to ensuring people or communities do not face discrimination or social exclusion due to any of the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; sex or sexual orientation. This document complies with our Equality, Diversity, and Inclusion Policy.

Privacy

This policy has been developed and will be applied in compliance with General Data Protection Regulations (2018).

Compliance

SHR Regulatory Standards

Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

Standard 5: The RSL conducts its affairs with honesty and integrity.

Scottish Social Housing Charter Outcomes & Standards

Outcome 1 – Equalities

Outcome 3 - Participation

Outcome 11 – Tenancy sustainment

Standard 13 – Value for money

Outcome 14 &15 - Rents and service charges

Related Policies

Write off for Bad Debts.
Value for Money
Repairs and Maintenance

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1. Introduction

The Association will adopt the following principles in application of this policy:

Prevention: We want to prevent arrears arising in the first place. Rent debt puts a tenancy at risk, impacts on the organisation's financial health and consumes resources in managing debt.

Focus on tenancy sustainment: We want tenants to sustain their tenancies and to do this they have to pay their rent. We will support tenants to understand this core tenancy obligation and to access help to meet this.

Legal, clear about responsibilities, fair and responsive: Our processes will comply with our legal obligations as a landlord. We will be clear with tenants that there is a requirement to pay rent and that this is due in advance. We will be fair and responsive to individual circumstances and in debt case management while ensuring tenants understand that rent must be paid.

Access to Support for Tenants: Muirhouse Housing Association buy in the services of a Financial Inclusion Officer (FIO) and a Heat and Energy Advisor from an external agency. The FIO can help with claiming benefits, budgeting, debt support and negotiating arrears payments. The Heat and Energy Advisor can help tenants to move energy supplier or to a cheaper tariff, help to resolve disputes with energy companies and can access payments towards energy costs dependant on schemes available at the time.

2. Purpose of the Policy

- 2.1 The purpose of the Income, Rent Arrears and Debt Management Policy is to ensure that all reasonable steps are taken by the Association to collect rent due and minimise the level of arrears and other debts owed.
- 2.2 The Association relies on its rental income to provide services and improve and maintain our housing stock. Therefore, the collection of rent and any arrears are essential for the business.

3. Aims and Objectives of Policy

The objectives of this policy are:

- 3.1 To provide clear guidance for staff and tenants on the way in which we expect rent to be paid and arrears and debt to be collected.
- 3.2 To promote quick implementation of procedures to prevent arrears wherever possible and ensure minimum loss of income.

- 3.3 To make sure all possible advice, assistance and sympathetic consideration is given to any special circumstances causing financial difficulties for tenants, and to ensure a system is in place to make referrals to our Financial Inclusion Officer (FIO) and external advice agencies where appropriate.
- 3.4 To make sure tenants are assisted in the take up of benefits, provided with debt and budgeting advice, and encouraged to make repayment agreements which are realistic and affordable to the individual.
- 3.5 To ensure the Board of Management is adequately informed of the level of arrears in order to monitor performance and ensure effectiveness of its policy.

4. Legal and Regulatory Framework

- 4.1 It is essential to ensure that we meet the Scottish Social Housing Charter standards and outcomes that describe the results that tenants and others who use their services can expect from social landlords. Those of most relevance to the Income, Rent Arrears and Debt Management Policy are:

Charter 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.

Charter Outcome 3: Participation

Social landlords manage their businesses so that:

Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

Charter 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.

Charter Standard 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.

Charter Outcomes 14 and 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.*
- *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.*

The following Legislation has been observed within the Policy.

Housing (Scotland) Act 2001

Housing (Scotland) Act 2010

Housing (Scotland) Act 2014

5.0 Approach and Method

5.0.1 The Association recognises that whilst we need to send letters to meet pre-action requirements, they are not always the best way of communicating with people; therefore, we will employ a variety of methods in addition to the standard letters to contact individuals and communicate updates, including:

- home visits
- phone
- text messaging
- email
- Social media
- WhatsApp

5.1 Rent Due

5.1.1 Rent is charged monthly and should be paid in full on or before 1st of each month, in advance of the charge being applied. Tenants may arrange with their Housing Officer to make weekly, fortnightly or four weekly payments.

5.1.2 Regardless of the frequency, or source of payments, all tenants are expected to pay their rent in advance of each monthly charge, and this is to be promoted throughout the Association, both for new tenants and existing tenants.

5.2 Payment Methods

5.2.1 The Association's preferred payment method is Direct Debit however, we will also offer the following rent payment methods:

- Debit card over the phone.
- Online payment through Allpay.
- Pay point with their Allpay card.
- Post Office with their Allpay card.
- Bank Transfer by agreement with their Housing Officer.

5.2.2 All payments received will be processed and allocated to the rent accounts every weekday to make sure that balances are accurate and up to date for arrears monitoring.

5.3.1 Definition of Arrears

5.3.1 The Association recognises that there are two types of arrears:

- Technical Arrears – These are arrears arising because of delays in receiving housing benefit payments from the Local Authority.
- Non-Technical Arrears – unpaid rent or service charge due by tenants.

5.4 Prevention

5.4.1 It is the Association's view that tenants do not deliberately fall into rent arrears, but it appreciates that for those with limited income, rent is one of several outgoings an individual may be struggling to pay.

5.4.2 We will aim to take early intervention to prevent arrears forming or increasing. A commitment to customer care and good communication will be employed to minimise the risk of arrears, and accordingly, the Association will provide information on rent and arrears in the following ways:

- Pre-tenancy communications and visits
- Tenancy Agreement & sign-up appointment
- New-tenant settling-in visit, and any follow-up support visits
- Muirhouse Housing Association Information Leaflets
- Housing Association website
- Newsletter
- Social Media
- Letters
- Phone calls
- Texts
- Emails
- Home/office visits

The foundation of our preventative approach is early, tailored and personal verbal and written communication. We will make all communication, including letters, leaflets, newsletters, telephone conversations and visits as clear and easy to understand as possible. All written communication will be in plain English.

5.4.3 Specifically, the Association will ensure that:

- Give prospective tenants clear and detailed information on rent/ service charges for any property they are offered.

- Explain in detail to applicants their responsibilities to pay rent every month **in advance** on or before the first day of each calendar month at their allocation interview (home visit), and again at sign up.
- Make clear at that time that the first month's rent is due at the time of sign-up and arrangements for payment made.
- Any support required is established before the sign-up. If an applicant is claiming or intends to claim Universal Credit, appropriate advice is given.
- Make available convenient payment methods.
- Provide tenants with 24-hour access to their rent balances online and by text, as well as paper copies on request and enclosed with every arrears letter.
- Encourage tenants to sign up to 'My Tenancy' to access information about their rent account online.
- Highlight to tenants the link between rental income collection and our ability to deliver a high-quality service.
- Ensure tenants are aware of the serious consequences of non-payment in relation to their tenancy.
- Ensure tenants are kept informed about changes to state benefits that they rely on to help pay their rent.
- Staff will assist with the completion of Housing Benefit or Change of Circumstances applications, and Council Tax Reduction forms on tenant's behalf where applicable, and make sure these are passed to The City of Edinburgh Council with appropriate supporting information.
- Staff will visit new tenants within the first 6 weeks of the start of a new tenancy, and where required will discuss any difficulties an individual may have in making rent payments and arrange for any further support visits.
- Staff will make referrals to the FIO and the Heat and Energy Advisor. With the tenant's consent we may refer to external agencies for welfare or debt management advice.
- Staff will liaise with The City of Edinburgh Council Housing Benefit Section to ensure that payments are prompt and accurate.
- Tenants will be notified and consulted at least 4 weeks in advance of any alterations to rent and service charges.
- Where a tenant falls into arrears, initial contact will be made promptly and by the most appropriate means for the individual.

5.5 Housing Benefit Overpayments

5.5.1 Overpayments of Housing Benefit will be refunded to The City of Edinburgh Council once they have been investigated by the Association's staff to determine the cause. If it is discovered that it is responsibility of the tenant, we will request that recovery is made directly from the tenant to avoid arrears being accrued.

5.6 Current Tenant Arrears Recovery

5.6.1 Effective monitoring of rent accounts, and early implementation of procedures are the key to controlling rent arrears. Staff will therefore check rent accounts weekly, to make sure payments are made and agreements are kept. This will allow for prompt action to be taken as and when required. It will also make sure that staff are familiar with individual cases and can prioritise accordingly.

5.6.2 We will attempt to make affordable and realistic arrangements with tenants and provide the relevant advice and assistance. Should these arrangements be broken then the appropriate action will be taken to ensure recovery.

5.6.3 The Association recognises that when tenants find themselves in financial difficulties they may not respond easily to attempts to contact. Communications will therefore be varied and tailored to each tenant to find the way which works best. This may mean carrying out home visits, phoning or texting several times per week. On occasion next of kin may be contacted if there are ongoing/welfare concerns, though no information will be disclosed as to the reason for the contact, it will be solely to encourage the tenant to get in touch.

5.6.4 Where a tenant has applied to transfer to another of our properties and they have outstanding rent arrears or other debt through rechargeable repairs, we will suspend their application until the debt is equal to or less than a month's rent, or until they have kept to an agreed payment arrangement for at least three months and are continuing to pay. We will take these factors and others into account in line with the provisions on allocations in the Housing (Scotland) Act 2001.

5.6.5 Where a tenant has applied to move to another landlord, we will provide a reference on receipt of a signed mandate from that tenant including information on outstanding debt from rent arrears, court costs, rechargeable repairs, and likely costs to be incurred should we have to bring the property up to a re-lettable standard.

5.6.6 Before starting legal action, we will comply fully with the pre-action requirements set out by the Scottish Government by:

- Giving clear information about the tenancy agreement and the unpaid rent or other financial obligations.
- Making reasonable efforts to give help and advice on eligibility for housing benefit and other types of financial assistance.
- Giving information about sources of help and advice with the management of debt.

- Making reasonable efforts to agree with the tenant an affordable and realistic plan for future payments. We will not proceed with legal action if an agreed repayment plan is being adhered to.
- Considering the likely result of any application for housing benefit that has not yet been decided. We will not proceed with legal action if a pending housing benefit application is likely to clear the account or reduce the arrears to a reasonable level to us.
- Considering other steps the tenant is taking which are likely to result in payment within reasonable time. We will not proceed with legal action if a tenant is taking steps which are likely to result in the repayment of the arrears within a reasonable time to us.
- Considering whether the tenant is complying with the terms of an agreed plan for future payments; and
- Encouraging the tenant to contact The City of Edinburgh Council about their housing situation.

5.6.7 Legal action will only be considered where all other avenues have been exhausted and all efforts to work with the tenant have proved unsuccessful. Tenants who have been issued with a Notice of Possession, will be referred again to The Financial Inclusion Officer before a court date is arranged.

5.6.8 Where the next stage is legal action, we will continue to make every effort to contact the tenant, including out of hours contact to give them a final opportunity to resolve the issue. We will record all correspondence, home visits, and interviews.

5.6.9 After legal action is started, we will continue all our efforts to contact to the tenant to make it clear that we can support them to make a repayment arrangement acceptable to us before the case goes to court and to ensure that they know how to get representation.

5.6.10 Where legal action is proceeding for Recovery of Possession, we will inform the Social Work and Homelessness departments of the City of Edinburgh Council irrespective of the tenants' wishes, to ensure they receive the necessary support and advice.

5.6.11 Appropriate recording and filing procedures will be put in place to ensure easy access for all staff who may deal with enquiries, and to assist with audit trails.

5.6.12 The Associations Rent Arrears Procedure will be used to provide clear guidelines in dealing with rent arrears.

5.7 Universal Credit Alternative Payment Arrangements

5.7.1 As far as is reasonably possible, and taking account of individual circumstances, tenants will be encouraged to receive Universal Credit Housing cost payments themselves and set up arrangements to pay their rent. This helps to avoid lengthy delays in payment and fluctuating amounts being received.

5.7.2 Where a tenant is unable to manage money themselves, or they fall into arrears of 8 weeks rent, and there is an expectation of Universal Credit being in payment, an

Alternative Payment Arrangement will be requested to have rent paid directly to ourselves.

- 5.7.3 Payment of arrears can also be requested from a tenant's Universal Credit claim when arrears reach 8 weeks of rent, and attempts will be made to discuss this with the tenant as far as possible to come to an arrangement which is most affordable.

5.8 Legal Action – Rent Arrears

- 5.8.1 The Association will use a Solicitor firm which specialises in Housing Law to provide our legal services in terms of both advice and court actions. At present this is TC Young Solicitors.
- 5.8.2 The Association also recognises the benefit of Housing Officers attending court in certain circumstances, where cases may be contentious.
- 5.8.3 Where a case has been passed to court, reasonable attempts will still be made to contact the tenant where they fail to engage. The instruction for any particular court hearing will take into consideration the level of arrears and communication with the tenant prior to court, including any arrangement which may be in place.
- 5.8.4 Where legal action is proceeding for Recovery of Possession, we will inform the Social Work and Homelessness departments of the City of Edinburgh Council irrespective of the tenants' wishes, to ensure they receive the necessary support and advice.
- 5.8.4 Tenants will be responsible for the payment of awarded court costs at the end of the action, on receipt of a Decree for payment of expenses. This will be dealt with as a 're-charge'.

5.9 Trust Deed/Sequestration

- 5.9.1 Where an individual has their debt placed in a Protected Trust Deed this debt is not pursuable for the duration of that protection. When the protected period is over the creditors will be issued with an outcome which will either require the debt to be written off in full or an offer of payment will be issued, and any remaining debt will be written off.
- 5.9.2 In the case of Sequestration (bankruptcy), any arrears accrued up to the date of declaration will be written off.
- 5.9.3 In either case, the terms of the tenancy agreement have been broken by failure to pay rent due. While the debt itself may not be pursuable, a judgment will be made on a case-by-case basis as to whether action should be taken to repossess the tenancy.

5.10 Recharges

- 5.10.1 Recharges include both, court expenses awarded through Decree at court, and repairs which the tenant is required to pay themselves.
- 5.10.2 The tenant will be notified in writing of any debts payable in this regard and records of these debts will be recorded in the tenant notes associated with the occupancy. Where the tenant has an arrangement in place to pay rent arrears they will be asked to continue with this arrangement until the rent account is paid in advance, as per the terms of the tenancy agreement, and any other debts are cleared.
- 5.10.3 Rent arrears will be prioritised over re-charge payments, but where there are no arrears outstanding an arrangement will be pursued for any other debt.
- 5.10.4 The Association will outline the repairs that are rechargeable in its Repairs and Maintenance Policy.

5.11 Former Tenants

- 5.11.1 Where a tenant terminates their tenancy and are in rent arrears, they will be asked to clear the debt prior to the termination date. If they are unable to do so, the Association will make all reasonable attempts to enter into an arrangement with the tenant that is affordable.
- 5.11.2 If a tenancy ends without communication from the tenant, or an arrangement is not made, the appropriate action will be taken to recover all outstanding monies, including use of a debt recovery agency where appropriate.
- 5.11.3 Records of all former tenant debts will be maintained. Where a tenant re-applies for housing, they will be required to meet the Edindex rules regarding arrears before they will be considered for re-housing. Staff may also add notes to their housing application to show the level of debt due.

5.12 Credit balances

- 5.12.1 We will check credit balances on a six-monthly basis and issue a refund request form for any genuine credit (not technical, or advanced payment balances), which will then be refunded directly to the tenant. A credit balance may be used to clear or pay towards any outstanding balances e.g. rechargeable repairs.
- 5.12.2 Credit balances will also be refunded throughout the year if they become apparent or by tenant request, using the same procedure.

5.13 Bad Debts

5.13.1 On a six-monthly basis, depending on the level of debt The Board of Management or the Audit and Risk Committee will be presented with a report of those debts to be written off. This may include irrecoverable debts including:

- those left by deceased tenants.
- abandoned tenancies and/or failure to provide a forwarding address where debt recovery action is unlikely to be successful.
- former tenant arrears too low to warrant legal action.
- unsuccessful Debt Recovery cases.

5.13.2 Board of Management or Audit and Risk Committee approval is required to write-off bad debts over £500, Senior Management can write off debts under £500.00; however, this will not prevent the Association from continuing to pursue these debts, where appropriate.

5.14 Power and Delegated Authority

5.14.1 The following staff members / Board of Management members will have delegated authority to carry out specific actions within the policy:

Notice of Possession	Housing Officer
Court Proceedings	Housing Officer
Eviction	Chief Executive
Appeal against Eviction	Delegated subgroup of 3 Board of Management members
Bad Debt/Write Offs	As detailed in the Write off of Bad Debts Policy

5.15 Training

5.15.1 The Association will provide needs-based training for staff and Board of Management members who are involved in the management and recovery of rent arrears and will use other guidance available online.

5.15.2 Staff will attend appropriate update meetings and seminars including HB and DWP liaison meetings.

6.0 Performance Monitoring

6.1 We aim to maintain and ultimately improve our performance in the management and recovery of rent/ debt collection through effective and efficient monitoring in the following areas:

- **Targets** – an annual target for collection will be set at the start of each financial year. The target will be challenging to support the financial health of the organisation and our ability to best serve the interest of our tenants. The aim is for continuous improvement, learning from best practice internally and externally and targets will be reviewed each year.

- **Measurement** – quality information is important to be able to measure current performance against stated objectives and published targets. This will indicate the overall arrears percentage and will also be broken down into current and former tenant arrears. Where possible, technical and non-technical arrears and legal action cases will be identified.
- **Reporting** – arrears performance indicators will be produced for the Board on a quarterly basis in order that they can verify performance against stated targets and objectives. We will report annually in the Annual Return to the Charter on rent collected and the level of rent arrears. We will publish information regularly on our performance in relation to rent arrears in Performance Reports and tenant’s newsletters.
- **Benchmarking** – we will monitor performance not only against our own targets and objectives, but also against national standards, and the performance of other Registered Social Landlords, in particular our designated “peer group” of Landlords.

7 Complaints and Appeals about the Policy

- 7.1 We welcome complaints and other feedback and use this in order to improve our service to tenants. We use a complaint handling procedure that was developed for housing associations throughout Scotland. This complaint system was developed by the Scottish Public Services Ombudsman.
- 7.2 In line with housing law, we provide all tenants with detailed information about our complaints policy when they become tenants. We also advise all service users about their right to complain and how to complain.

8. Anti-Bribery

- 8.1 We are committed to the highest standards of ethical conduct and integrity in all our activities and, in order to ensure compliance with the Bribery Act 2010, we have introduced an Anti-Bribery policy and procedure. These must be followed by all employees, Board Members and associated persons or organisations acting for or on our behalf when undertaking any actions referred to in this policy.

9. Review

- 9.1 This policy will be reviewed every 3 years unless key changes are required earlier to comply with legislation, guidance, or new learning.
- 9.2 As part of this review, consultation will take place with staff and customers to ensure that operational issues and the opinions of customers are considered.
- 9.3 The effectiveness of accompanying procedures and guidance will be monitored on a regular basis and, where applicable, amended as required operationally; or to reflect legislative changes.

- 9.4 Where references are made to specific job titles, roles, groups or committees, such references shall be deemed to include any changes or amendments to these job titles, roles, groups, or committees resulting from any restructuring or organisational changes made between policy reviews.