



RENT ARREARS POLICY (SOCIAL HOUSING)

Classification: Management

Status: Approved

Policy Lead:	Director of Community Services
Last Review Date:	February 2015
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Review Period:	3 years unless required earlier due to changes in the law, regulation, best practice or requirement of the Association

REFERENCE PAGE

Document Title:	Rent Arrears Policy (Social Housing)
Aim:	The Rent Arrears Policy (Social Housing) seeks to minimize rent loss to Eildon through rent debt, and to ensure we provide early intervention and personalized support to tenants to avoid rent arrears accruing, ensuring we support tenants in a fair but effective manner.
Objective:	1 The Eildon Group will ensure that the highest standards of governance and partnership working are adhered to, including compliance with our regulatory frameworks
Scope of Policy:	Customers
Nominated Officer:	Housing Services Manager
Approval Source:	ET
Legal & Regulatory References:	<p>This policy is based on the requirements of the following legislation:</p> <ul style="list-style-type: none"> • The Housing (Scotland) Act 2001, 2010 & 2014; • The Homelessness, etc. (Scotland) Act 2003; • The Equality Act 2010 • Welfare Reform Act 2012; • Bankruptcy (Scotland) Act 2016; • The Scottish Social Housing Charter
Procedural References:	<p>This policy has been considered alongside other Eildon policies and procedures including:</p> <ul style="list-style-type: none"> • Rent Arrears Procedures • Standing Orders • Allocations Policies • Decant, Home Loss and Disturbance Policy • Short Scottish Secure Tenancy Agreement Policy • Tenancy Management Policy • Rechargeable Repairs Policy
Consultation Completed:	Yes - Staff & customers
Risk Implications:	1- Existing policy, minimal change
Equalities Assessment:	TBC
Accessibility:	Accessible electronically/online and in print. All documents can be translated and made available in audio, braille, Easy Read and large print versions upon request.

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1. PRINCIPLES

This policy relates to all social housing tenancies owned and managed by Eildon. This includes social housing tenancies located in our care services and properties allocated through a shared ownership agreement.

- 1.1 All social housing tenancies are charged a rent or occupancy charge. In addition some properties are also charged a service charge, heating charge and/or meal charge. This policy covers all charges associated with a social housing tenancy with the term “rent” used to cover all charges.
- 1.2 When referring to rent arrears, we mean overdue rent payments by tenants who have a current tenancy with Eildon, and former tenants who are in rent arrears for an Eildon tenancy which has ended.
- 1.3 Tenant debt relating to rechargeable repairs will be managed in accordance with our Rechargeable Repairs Policy. Separate rent arrears policies are in place for Eildon’s Mid-Market Housing, factoring services, and garages rentals. These policies can be found on our website www.eildon.org.uk
- 1.4 Rent charges are our largest source of income and therefore it is essential we ensure rent is paid timeously for the financial wellbeing of Eildon and to ensure service delivery to our current and future customers. We will maintain an effective and efficient rent management system which will include a range of arrears monitoring and control processes to ensure we identify early signs of non-payment of rent.
- 1.5 We recognise that most tenants get into rent arrears because of an inability to pay their rent rather than an unwillingness to pay. Our staff will take a sympathetic but firm approach to managing rent arrears. Throughout the duration of a tenancy we will use a range of early intervention and arrears prevention strategies, including welfare benefits advice, to minimise the risk of tenants falling into arrears and to support tenants to sustain their tenancy. This includes signposting to specialist external support services.
- 1.6 Where tenants fail to maintain a satisfactory arrangement to reduce their rent arrears and we have exhausted all other means of debt recovery, we will instigate legal action whilst ensuring at the same time we continue to engage with the tenant to prevent action escalating to Court.
- 1.7 The overall control of this policy rests with Eildon’s Board who monitor rent arrears levels through a range of targets, reported quarterly through our performance management reporting, as well as overseeing decisions to enforce decree for eviction and repayment on a case by case basis.

2. PREVENTION OF ARREARS

- 2.1 We will seek to prevent tenants falling into arrears by providing information, advice and support to help tenants to maximise their incomes and improve their ability to pay rent.
- 2.2 Rent payments are due on the 1st of each calendar month and are paid in advance. We offer a range of flexible and convenient methods for tenants to pay their rent, however our preference is for tenants to pay by direct debit.
- 2.3 In seeking to support tenants to prevent them getting into arrears we will undertake the following actions:

2.3.1 New Tenants

Applicants applying for an Eildon property will have access to clear and detailed information on charges relating to the property at key stages of the application process up to signing the tenancy agreement. Welfare benefits and income maximisation advice will be provided as part of this process to ensure new tenants have the means to pay their rent charge.

At tenancy sign up, new tenants who are self-funders or in receipt of partial housing benefit or housing cost through Universal Credit, are encouraged to pay the rent due from the tenancy start date up to the first day of the following month, and a full month thereafter to ensure they are paying in advance and therefore avoiding debt accruing at the start of the tenancy.

We will carry out a settling in visit within 8 weeks of the tenancy commencing during which discussion will take place on any potential rent payment problems. Tenants considered as requiring intervention earlier, such as young people setting up their first tenancy or applicants with known debt concerns, may receive a settling in visit shortly after they move into their home.

Establishing a payment culture is critical and an information leaflet on what happens in the event of rent not being paid is provided to all new tenants as part of their “sign-up” pack at the start of a tenancy. Further information is also contained in the Tenants' Handbook and on our website.

2.3.2 Existing Tenants

We have in place effective monitoring procedures whereby our staff review rent accounts on a weekly basis. Any discrepancy within the rent account will be followed up with the tenant. We will seek to establish early direct face to face contact with tenants in arrears, however each case will be dealt with individually and a variety of communication approaches will be used based on the tenant's communication preferences.

Tenants will be regularly reminded through a range of communication methods to contact us where they have concerns about their ability to pay rent or queries on income maximisation including welfare benefits. As with new tenants, we will encourage a payment culture through different means to highlight the importance of rent payment and debt avoidance, and the impact this can have on the tenant's wider financial circumstances, as well as the serious risk to their tenancy where persistent non-payment of rent occurs.

We also encourage and support tenants to access our customer portal, My Eildon, to log into their rent account to monitor their rent account, view a rent statement, pay their rent or change their method of payment.

- 2.4 Notice of changes in rent are sent at least 4 weeks before the new rent is due, together with associated administrative up-dates and clear instructions on action required by the tenant to pay the new rent. Where notice of termination of tenancy is received, the tenant is immediately advised of the total amount of rent due to the date of termination.

2.5 **Welfare Benefits**

We have established good working relationships with Scottish Borders Council's Revenues Team and the Department of Work and Pensions. We liaise directly with both organisations concerning increased charges and their impact on benefit entitlements, and will assist them to obtain information required in order to process a claim. This will also be done where we are notified that a claim has been made to ensure quick and satisfactory resolution to any difficulties experienced by either a tenant or Eildon. We will also advise and support tenants to access welfare benefits administered by Social Security Scotland.

We also work closely with a range statutory and voluntary agencies to ensure continued support and assistance to tenants in debt and at risk of losing their tenancy. This includes CAB, Shelter and Scottish Borders Council's social work and homelessness services where wider personalised assistance is required.

3. **ARREARS MONITORING AND RECOVERY**

- 3.1 In dealing with arrears we believe early action is essential to prevent arrears increasing to a level where it becomes costly to both the tenant and Eildon to recover the debt. At the same time, we are aware that for various reasons tenants may experience difficulty in paying rent or may be experiencing personal issues which impacting on their ability to pay rent such as relationship difficulties or health issues. We will seek to work with tenants to understand the reasons for arrears developing and at the same time have a firm and fair approach based on advice and counselling to control rent arrears.

Staff will seek to establish early direct face to face contact with tenants in arrears to negotiate a realistic and affordable repayment arrangement for debt to be paid in instalments (including direct payments to Eildon of welfare benefits).

- 3.2 All arrangements are regularly monitored and when not adhered to the cases are immediately escalated for further action. The repayment arrangement will be formally agreed in writing with the tenant. If the tenant fails to keep to the arrangement, then we will pursue the tenant for the missing payments. This may take the form of letters, text messaging, telephone calls, home visits, etc.
- 3.3 We will provide general debt advice and/or specialist income maximisation advice to our tenants who accrue rent arrears and may also direct them to other agencies who may be able to assist them further, for example where a tenant has multiple debts.
- 3.4 Emphasis will be placed on intensive management and personal contact whilst arrears are at a relatively low level, to prevent the escalation of arrears. However, our procedures include clearly defined stages and circumstances at which legal action will be pursued, with a view to minimising the overall timescale required to successfully complete recovery action, if this is necessary.
- 3.5 At each contact point with tenants we will explain concisely the action that we are taking against tenants to recover rent arrears, stressing at all times the serious implications that failing to pay rent may have on the tenancy.

4. INSOLVENCY, SEQUESTRATION AND TRUST DEEDS

- 4.1 We will not be able to pursue rent arrears directly from tenants who are insolvent and which form part of a Bankruptcy Action or Protected Trust Deed.
- 4.2 Rent arrears covered by insolvency action will be removed from the tenant's rent account. However, we will seek to pursue the debt through the tenant's Trustee.
- 4.3 Tenants covered by insolvency action must maintain their ongoing rent payments after the action has taken place. If they do not, then legal action will be considered against any new debt which occurs after the date insolvency became effective which could cover decree for eviction as well as payment of debt. We will consider action on a case per case basis, and where required we will seek advice from our solicitors.

5. LEGAL ACTION

- 5.1 Legal action is the last stage in the rent arrears process and will only be instructed where tenants are not complying with repayment arrangements to reduce their arrears and all reasonable arrears recovery efforts have been exhausted. Full consideration will be given to the background to each individual case before instructing any legal action.
- 5.2 Legal proceedings will always adhere to current legislation and the advice of our solicitors representing Eildon during the legal process.

- 5.3 The decision on whether to initiate court action rests with the Tenancy Services Coordinator or Housing Services Manager. Escalation to seek decree for eviction and/or repayment will be recommended by the Director of Community Services for consideration and approved by Eildon's Board on a case by case basis.
- 5.4 The first stage of the legal process will be to issue a Notice of Proceedings for Recovery of Possession (NOPROP). The exact point at which a NOPROP will be issued will be decided on a case by case basis. All cases will comply with pre action requirements (set out in section 14A of the Housing (Scotland) Act 2010). Factors that will be considered will include the level of the arrear, any known vulnerability within the household, the lack of tenant contact and the continual breaking of repayment agreements.
- 5.5 Before issuing an NOPROP, we will make reasonable enquiries to establish, in so far as is reasonably practical, whether there are any qualifying occupiers in the house. Any qualifying occupiers will also receive a copy of the NOPROP.
- 5.6 We will take all possible steps to ensure good lines of communication with tenants are maintained, particularly where a decree for eviction and/or repayment is likely to be obtained and enforced to ensure tenants are fully aware of the situation. We will also seek to ensure tenants continue to explore all means of avoiding eviction including actively involving other agencies who may be able to assist.
- 5.7 In cases where a decree for repayment is granted we may enforce by requesting a wage arrestment from the tenant's employer.
- 5.8 In cases where a decree for eviction is granted we will implement the arrears related provisions of the current housing legislation. The tenancy will therefore continue and will only be terminated on execution of the warrant for eviction on the date set by the Sheriff Officers.

6. FORMER TENANT ARREARS

- 6.1 Tenants are advised in writing of all rent due to the date of termination of their tenancy and are requested to settle all sums due before returning the keys to the property. Forwarding addresses are sought and retained by Eildon.
- 6.2 Former tenants with arrears after the keys have been returned are made aware of the outstanding tenancy debt and encouraged to either clear the balance in full or enter into a repayment agreement.
- 6.3 Where the arrears are in respect of a deceased tenant, action will be limited to contacting the next of kin or executor to claim against the estate.
- 6.4 Where attempts to recover arrears by a variety of contact methods have failed, or the former tenants' whereabouts is unknown, we will assess the cost benefit of referring the debt to a specialist debt recovery agency.

- 6.5 Legal action through Simple Procedure action to recover the arrears will be taken in circumstances where an assessment of the former tenants' financial circumstances indicate that such an action would be appropriate.

7. CREDIT BALANCES

- 7.1 Credit balances can occur on the rent accounts of both existing and former tenants in particular circumstances. These balances will be managed through a process of regular monitoring with refunds being made to current tenants when requested and to former tenants where possible. However, given the administrative costs to Eildon, we will not typically refund credits below £25 unless on request.
- 7.2 Where there are outstanding recoverable charges (such as charges for repairs, legal fees, etc.), any credit balance will be off set against this before a refund is made.
- 7.3 Where there is no prospect of returning the credit balances these will be dealt with as a credit balance write off in accordance with Eildon's financial regulations on irrecoverable debt.

8. WRITE OFF AND BAD DEBTS

- 8.1 We will write off former tenant debt or former tenant credits on a quarterly basis in accordance with Eildon's financial regulations. All write off cases will be reported to Eildon's Board of Management each quarter, who will also approve recommended tenancy write off cases over £250.
- 8.2 The criteria used to write off former tenant rent arrears or credits is as follows:
- Balances under £25 when the tenancy ended and it is considered not economic to pursue.
 - Cases over £25 where we have exhausted all internal recovery processes and it is not cost effective to refer to our debt recovery agency.
 - Cases referred to our debt recovery agency where both parties agree it is not economic to pursue through the Simple Procedure action.
 - Amounts owed by former tenants who have died with no estate.
 - Amounts confirmed in an insolvency case such as trust deed, sequestration or similar.

9. SHARING OWNERS

- 9.1 We will ensure sharing owners are provided with clear information at the start of their occupancy concerning payment, action required in the event of having difficulty with payment and the action Eildon will take.

- 9.2 Where 2 month's rent is outstanding and the sharing owner has not come to, or maintained, a voluntary repayment programme, we will instigate legal proceedings for recovery of the debt in the Small Claims Court. If this process does not result in payment, we will seek to arrest the wages of the sharing owner.
- 9.3 The Housing Services Manager and/or Director of Community Services will have delegated authority to proceed with instructing Sheriff Officers to carry out this action.
- 9.4 Where the sharing owner has a mortgage lender we will contact the lender to establish if there are mortgage arrears and request assistance in terms of the Co-operation Agreement. Where arrears persist, we will engage with the lender seek a joint action to recover possession of the property and make arrangements for re-sale on the open market.
- 9.5 Where the sharing owner has no lender but the sharing owner is unwilling to sell on the open market, we may instigate an Action for Division and Sale. This is a complex, time consuming and costly action which will be pursued only on the approval of Eildon's Board.
- 9.6 On occasion Eildon may consider that it is appropriate to "buy back" the equity share from the sharing owner who may decide to move out of the property or stay and be granted a tenancy with Eildon.

10. CONFIDENTIALITY

- 10.1 All information provided by tenants in relation to this Policy will be treated as strictly confidential and will not be discussed with third parties without their permission. We will always have regard to the Data Protection Act 2018 and the General Data Protection Regulations.

11. COMPLAINTS

- 11.1 Complaints relating to this policy will be dealt with in accordance with our Complaint Handling Procedure. A customer guide to complaints is widely promoted and accessible on our website.

12. TRAINING

- 12.1 We will ensure that all relevant staff receive appropriate training and information on the application of this policy.

13. MONITORING & REVIEW

- 13.1 The Housing Services Manager is responsible for ensuring that this policy and the associated procedures are implemented.
- 13.2 The Director of Community Services will ensure overall compliance with the policy and that the performance targets for arrears management are reviewed annually.
- 13.3 This policy will be reviewed every three years unless required earlier due to changes in the law, regulation, best practice, or requirements of Eildon.