

	DUMFRIES AND GALLOWAY HOUSING PARTNERSHIP
Department: Housing Services	Policy name: Arrears Policy
Effective date: 1 st May 2017	Policy number:
Review date: By April 2020	Approved by: <i>[electronic signature]</i> Board of Management
Policy owner: Income Manager	Policy Approval date: 26 April 2017

1. Background

- 1.1. Preventing and managing arrears when they do arise is crucial to DGHP's ability to provide services to customers and to maintain and improve its housing stock. DGHP aims to support tenants in sustaining their tenancies and avoid the threat of eviction and homelessness.
- 1.2. This policy clarifies the legal framework and key principles that DGHP will utilise in preventing and managing tenancy related debt.
- 1.3. For the purpose of this policy debt includes current tenant and former tenant rent arrears, legal expenses and rechargeable repair debt.

2. Aim

- 2.1. The aim of this policy is to:-
 - Minimise tenancy related debt owed to DGHP and maximise timely payment of rent and other debt.
 - Provide a firm and fair approach to debt payment through a person centred approach which sustains tenancies.

3. Legal Framework

Relevant legislation and regulatory guidance includes:

- 3.1. The Housing (Scotland) Act 2001
- 3.2. The Housing(Scotland) Act 2010
- 3.3. The Housing(Scotland) Act 2014
- 3.4. The Scottish Secure Tenancies (Proceedings for possession) Pre Action requirements) Order 2012
- 3.5. The Equality Act 2010
- 3.6. Homelessness (Scotland) Act 2003
- 3.7. Debt Arrangement and Attachment (Scotland) Act 2002
- 3.8. The Bankruptcy and Diligence (Scotland) Act 2007
- 3.9. The Welfare Reform Act 2012
- 3.10. The Social Housing Charter
- 3.11. In formulating this policy we have taken account of the above and the current best practice and guidance from the Scottish Housing Regulator, Scottish Federation of Housing Associations (SFHA) and Chartered Institute of Housing(CIH).

4. **Principles**

4.1. DGHP and its staff will abide by these principles when dealing with arrears cases:-

- Place a strong emphasis on prevention of arrears especially at the start of the tenancy
- Make personal contact with tenants in arrears as early as possible
- A firm and fair approach that is direct and sensitive to each customer's needs
- Ensure people are treated with respect at all times
- Ensure all our communication is clear and encourages customer contact
- Help vulnerable tenants with support needs
- Encourage benefit take up and income maximisation
- Ensure good quality customer information is collected and used to make decisions
- Give reasonable opportunity to all to clear their debt
- Make use of all available remedies and take eviction action only after all other reasonable steps have been taken
- Work with other agencies to prevent homelessness in particular the homelessness team of Dumfries and Galloway Council. Liaise with and refer customers to external agencies when appropriate
- Multi-agency case conferences when we are aware of external support issues. Homelessness team of the Council and Citizens Advice Bureau will be invited to all case conferences and other agencies will be invited as appropriate
- Strong, cost effective and efficient action on former tenant arrears and other debts
- DGHP will keep under review the collection of rent arrears, the cost of staffing and provision of resources and that it is consistent with the financial benefits and of sustaining tenancies

5. **Responsibility**

5.1. Arrears recovery work will be focused within the Income Management Team. Income Officers are responsible for managing individual arrears cases under supervision of the Income Manager and are primarily office based. Income Officers will be supported by Neighbourhood Managers.

5.2. The Customer Service Centre will be responsible for a range of tasks as specified by the Director of Housing Services. These will include being the main focus for initial telephone contact on rent collection issues and debts and promoting a payment culture with all customer contact. For example confirming when a customer owes a debt when they are contacting DGHP about other non-debt issues.

6. **Arrears Prevention**

- 6.1. DGHP will undertake a range of key activities to prevent arrears before they actually occur.
- 6.2. Tenants are expected to pay their rent weekly in advance on or before Monday of that rental period. DGHP does allow monthly payments and these must be paid in advance or will be classed as rent arrears.
- 6.3. DGHP will promote a payment culture with our tenants. For example the methods undertaken via the Rent First initiative and joined up work with other agencies such as the Credit Union Development initiative. DGHP will promote the importance of DGHP having a strong tenant payment culture to all DGHP staff via internal briefings.
- 6.4. DGHP will provide a variety of payment methods including Direct Debit, Bank Standing Orders, payment at shops and Post Offices, internet payments and over the phone payments. DGHP will ensure a wide range of payment locations and methods are available. For example DGHP currently utilise Allpay. DGHP will publicise payment options in its arrears letters, a payment leaflet and other methods when available such as newsletters, Rent First pack, etc. DGHP will promote the use of Basic Bank Accounts and Direct Debit if appropriate for that individual.
- 6.5. DGHP will conduct an intensive sign up process through Neighbourhood Managers with a major focus on paying rent including payment of rent in advance and visiting tenants shortly after they have moved in to resolve any early concerns before they escalate.
- 6.6. DGHP is part of the Housing Benefit verification framework which means DGHP is approved by Dumfries and Galloway Council to check documentary evidence of income and identity in order to process Housing Benefit more quickly and effectively. All tenants who receive Housing Benefit will be encouraged to sign a mandate to have their Housing Benefit paid directly to DGHP.
- 6.7. DGHP will assist tenants in making and updating claims for Universal Credit. Where a tenant meets any of the criteria for Universal Credit direct payment to DGHP (for example two months of rent arrears) we will apply for such a payment to be made.
- 6.8. DGHP has a Housing Benefits Liaison Officer who will support staff with training on welfare benefit issues and deal with individual customer cases when required to help maximise a tenants housing benefit. The Benefit Liaison Officer will be the main point of contact with the Council on housing benefit issues. The Benefit Liaison Officer will be the main point of contact with the Department of Works and Pension and will seek ways to improve transfer of information regarding Universal Credit claimants.
- 6.9. DGHP currently has a Welfare Benefits Advisor. This posts main aim is to do benefit health checks and maximise individual tenants benefit income on a referral basis.
- 6.10. DGHP has dedicated Housing Support Workers who can provide an in depth support service when appropriate.
- 6.11. DGHP will maintain good relations with local welfare advice providers including the Citizens Advice Service and publicise their services and strongly promote their use in written and verbal communication.

- 6.12. DGHP aims to identify arrears quickly and take effective action before they build up. DGHP will accept sensible repayment plans that are affordable and sustainable to each individual debtor. DGHP will seek payment towards arrears direct from a debtors benefits when appropriate. For example the Third Party Payment option.
- 6.13. In some circumstances a tenant may have multiple accounts and these may have credits and debit balances. DGHP will review these individually to decide if the credit should be allocated towards the debt.
- 6.14. DGHP will provide an easy to understand annual statement to all current tenants. Tenants can also access their rent statement at any time through the Customer Service Centre or the online portal.

7. **Arrears Recovery**

- 7.1. If current tenant rent arrears increase or do not reduce after an opportunity has been given progressively stronger action will be taken. This will normally be via legal escalation.

There are three key escalation stages as detailed below and throughout these three stages DGHP will be providing multiple opportunities and support to tenants to resolve the issues in a sensible and realistic way. The fourth stage is when Decree is granted which will normally result in a final opportunity to clear the debt in full or eviction will be carried out.

Stage 1 :-

- DGHP will contact the customer at the earliest opportunity to discuss the reasons for the arrears, discuss if they are in a position to clear the arrears in full and, if not, seek to agree an affordable payment plan to clear the arrears.
- For current tenant rent arrears that are over £60 or if the arrears are more than four weeks net rent due the first step is a letter confirming the balance.
- After this first contact attempt for current tenant rent arrears DGHP will then review each case individually and decide on the appropriate form of contact which could involve phone, visit, letter, text or email.
- DGHP will follow the Pre-Action Requirements which is a legal requirement before legal action commences.

Stage 2:-

- DGHP will issue a Notice of Proceedings(NOP) to the tenant(s) and any qualifying person(s) which gives a minimum of four weeks notice that court action may start.
- After the NOP is served DGHP will make further contact effort with the aim of seeking an affordable payment plan and assisting with any issues

Stage 3:-

- DGHP will raise a heritable court action to seek Decree for ejection and money.
- During the period leading up to the court date DGHP will make further contact efforts with the aim of seeking an affordable payment plan and resolving the issues. At this stage DGHP may insist on the debt being

cleared or sizeably reduced before agreeing an ongoing payment plan or continuation/sist/dismissal with expenses of the case at court.

Stage 4:-

- When Decree for ejection and money is obtained DGHP will use this. However in some circumstances DGHP will allow the tenancy to continue. Normally this would only occur if all debt is cleared and there is a future payment proposal and the tenant does not have a history of continuous rent payment default.

- 7.2. For current tenant lower level static balances DGHP will consider the use of collection agents if other avenues have not resulted in payment.
- 7.3. In some cases where it is clearly appropriate DGHP will consider legal action for money owed only. This has the advantage of not putting a tenancy at risk however the disadvantage is that it can be difficult to collect the money especially if a tenant still has ongoing rent to pay. A Decree for Money only outcome will be pursued only if it is clearly evident that there is a very strong opportunity to collect the debt owed through wages or bank arrestment. This type of action is most appropriate for static debts such as former tenant arrears however and it is likely to be used rarely for current tenant arrear recovery.
- 7.4. When a Decree for money and legal expenses is awarded DGHP will arrange wages arrestment to recover these debts when it is cost effective to do so and after the tenant has been given an opportunity to clear the debt.
- 7.5. DGHP has online access to customers utilising the Debt Arrangement Scheme (DAS) and will refer debtors to Citizen's Advice Bureau to investigate a DAS when appropriate.

8. Former tenant arrears

- 8.1. DGHP will pursue former tenant arrears as efficiently and cost effectively as possible. Recovery of these is important for budget reasons and also to assist DGHP with creating a strong payment culture
- 8.2. DGHP will give every former tenant an opportunity to agree a realistic payment plan.
- 8.3. If payments are not made DGHP will consider all cost effective means of recovery including court action and external debt collection.
- 8.4. After all realistic and cost effective recovery methods have been attempted DGHP will regularly consider write off of former tenant debt. This is to avoid overstating our assets and for efficiency. After write off the debt will remain linked to the former tenant and visible to DGHP staff and is still due to be paid by the debtor.
- 8.5. The Director of Finance has authority to write off debts up to £500 and all other requests must go to Board for approval.

9. Sequestration, trust deed and exceptional circumstances

- 9.1. DGHP will declare a tenant debt as part of the sequestration/ trust deed process to the Accountant in Bankruptcy/ Insolvency Firm. However it is rare for these debts to be repaid once declared and approved as part of a sequestration. As a result DGHP will consider writing off sequestrated balances as soon as the

Accountant in Bankruptcy has confirmed the details. It is crucial that tenants maintain their ongoing rent payments after a sequestration is in place. If they do not then legal action will be considered against any new debt as normal.

- 9.2. It is not expected that any current tenant arrears will be written off. However if there are exceptional circumstances they may be and the Income Manager will discuss these with the Director of Finance before any write off request

10. **Monitoring, Targets and performance review**

- 10.1. DGHP will seek to benchmark its performance against a group of similar Registered Social Landlord's with the aim of continuous improvement and utilising best practice and new ideas. DGHP staff will also liaise with agencies such as Chartered Institute of Housing, Scottish Federation of Housing Associations, Rent Income Excellence Network, Housing Quality Network, Housemark, etc to seek the latest best practice and ideas.
- 10.2. DGHP's Performance Team will be responsible for reporting key arrears stats and trends to relevant Senior DGHP officials, District Management Committees and Board and as requested by them.
- 10.3. DGHP's performance targets in relation to arrears management will be reviewed on an annual basis.

11. **Policy review**

- 11.1. The Arrears policy will be reviewed every three years.